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THE OECD DAC'S AID AND PEER REVIEWS IN THE CURRENT RECONSTRUCTION OF THE AUSTRIAN AID SYSTEM

verfasst von | submitted by

Mehmet Turan Şahin BA

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ZUSAMMENFASSUNG

Titel der Masterarbeit: „Die Aid and Peer Reviews des OECD DAC bei der aktuellen Umstrukturierung des österreichischen Hilfesystems“

Österreich ist derzeit eines der 32 Mitglieder des Entwicklungshilfeausschusses (DAC) der OECD. Es gehört auch zu den Gründern des DAC. Diese Arbeit versucht herauszufinden, ob Österreich die im Laufe der Jahre vom OECD DAC erstellten Peer Reviews über Österreich sinnvoll nutzt und was ihre kritische Analyse über die Fortschritte aussagt, die Österreich seit 1993 im Bereich der Entwicklungszusammenarbeit gemacht hat.

Die Arbeit versucht auch, Antworten auf die folgenden Fragen zu finden: Wie haben sich die Aid and Peer Reviews auf die Hilfe Architektur Österreichs ausgewirkt?; Warum wurden einige der Empfehlungen der Aid and Peer Reviews nicht oder nur teilweise umgesetzt?; Wie gehen die österreichischen Partner mit den Aid and den Peer Reviews Österreichs um?; Wie ist die Art der Beziehung zwischen dem OECD DAC und den österreichischen Partnern?; Gibt es nach so vielen Aid and Peer Reviews noch eine Möglichkeit, das gesamte System zu verbessern?

Die Arbeit gibt zunächst einen allgemeinen Überblick über die Entwicklung der öffentlichen Entwicklungshilfe und der DAC-Peer Reviews. Anschließend geht sie auf die in den letzten 30 Jahren in Österreich erstellten DAC-Peer Reviews ein.

ABSTRACT

Title of the Master’s Thesis: “The OECD DAC’s Aid and Peer Reviews in the Current Reconstruction of the Austrian Aid System”

Austria is currently one of the 32 members of the OECD, Development Assistance Committee (DAC). It is also among the founders of the DAC. This thesis tries to find out whether Austria makes good use of peer reviews on Austria prepared by the OECD DAC over the years and what their critical examination tells us about the progress Austria made on the development co-operation area since 1993.

The thesis also tries to find out the answers to the following questions: How did the aid and peer reviews affect the aid architecture of Austria?; Why were some of the recommendations of the Aid and Peer Reviews not implemented or partially implemented?; How do the Austrian partners approach Austria’s aid and peer reviews?; What is the nature of the relationship between the OECD DAC and the Austrian partners?; After so many aid and peer reviews, is there still a way to improve the whole system?

The thesis first gives a general picture regarding the development of official development assistance and DAC peer reviews. Then, it deals with the DAC Peer Reviews prepared on Austria in the last 30 years.

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LIST OF ABBREVIATIONS

ACB	**Austrian Co-ordination Bureau**
ADA	**Austrian Development Agency**
ADC	**Austrian Development Cooperation**
CEEC's	**Central and Eastern European Countries**
CPA	**Country Programmable Aid**
CRS	**Creditor Reporting System**
CSO	**Civil Society Organisation**
DAC	**Development Assistance Committee**
DAG	**Development Assistance Group (OEEC)**
DDC	**Department for Development Co-operation**
DFI	**Development Finance Institution**
EU	**European Union**
EDF	**European Development Fund**
GDP	**Gross Domestic Product**
GNI	**Gross National Income**
HIPCs	**Heavily Indebted Poor Countries**
IFIs	**International Financial Institutions**
IMF	**International Monetary Fund**

IFRC	**International Federation of Red Cross and Red Crescent Societies**
IOM	**International Organization for Migration**
KFOR	**NATO Kosovo Force**
KfW	**KfW Development Bank (Kreditanstalt für Wiederaufbau)**
LDCs	**Least Developed Countries**
LLDCs	**Landlocked Developing Countries**
LMICs	**Lower Middle-Income Countries**
MDGs	**Millennium Development Goals**
MFA	**Ministry for Europe, Integration and Foreign Affairs**
MST	**Federal Ministry of Sustainability and Tourism**
NGO	**Non-Government Organisation**
OA	**Official Aid**
ODA	**Official Development Assistance**
OECD	**Organisation for Economic Co-operation and Development**
OEED	**Austrian Development Cooperation Service**
OeEB	**Oesterreichische Entwicklungsbank AG (Development Bank of Austria)**
OeKB	**Oesterreichische Kontrollbank AG (export credit agency)**
PRSP	**Poverty Reduction Strategy Paper**
SDGs	**Sustainable Development Goals**

SEE	**South East Europe**
SME	**Small and Medium-sized Enterprise**
UN	**United Nations**
UNDP	**United Nations Development Programme**
UNIDO	**United Nations Industrial Development Organization**
UNHCR	**Office of the United Nations High Commissioner for Refugees**
UNICEF	**United Nations Children's Fund**
UNMIK	**United Nations Interim Administration Mission in Kosovo**
WTO	**World Trade Organisation**

Signs used:

EUR **Euro**

USD **United States Dollar**

1. INTRODUCTION

1.1. Background: Importance and Relevance of Austrian Development Cooperation and DAC Aid and Peer Reviews

For centuries, developed and rich states in their times had always been in the position of taking, exploiting and using the underdeveloped and weaker countries. The problems present in other countries were seen as weaknesses to be exploited.

In the 20th century, this perspective began to change, especially after the end of the First World War. After the Second World War, the change had reached a radical level, especially with the establishment of the United Nations and the establishment of other international organisations that came after it. International development aid has become part of international instruments used by the developed countries.

With the development of media and especially television, poverty and problems encountered in different parts of the world have become visible in every part of the globe. Television programmes started to bring destruction, hunger, flood, and other miseries caused by natural and man-made disasters in other parts of the world to the eyes of the people of the world. Enhancement of tourism and travel opportunities also contributed to that trend positively. That was especially true for the people of democratic countries. The citizens of developed Western Countries, who were sensitive to the wishes and desires of their people put pressure on their governments to make an effort to alleviate the problems experienced in the other parts of the World.

Apart from these, the great destruction that the Second World War had caused in Europe and Japan, also led to an aid campaign for Europe and Japan. This beginning, known as Marshall aid, later became more systematic with the establishment of the United Nations Development Programme (UNDP) and the Organization for Economic Co-operation and Development (OECD).

Although it has been the prime responsibility of any developing country to establish the institutions needed for a well-functioning market economy which has been an essential precondition for development, after the establishment of the OECD on 30 September 1961, the OECD countries have promised to help the developing countries in their development endeavours. The OECD states have established development cooperation organisations or units under their Ministries of Foreign Affairs or Prime Ministries in order to provide their aid in a systematic way. The increase in the amount of aid has brought the efficiency and effectiveness of these aids to the agenda. This thinking resulted in the establishment of the Development Assistance Committee (DAC) and the Development Co-operation Directorate (DCD) under the OECD.[1] An aid review system, later to be named "peer review" was also created by the DAC in order to review the aid provided to ensure that the aid is given in a more effective, useful and fruitful manner.

To better understand the subject in this thesis, we also focused on the history of Austria, which may be of particular interest to this subject. Then we touch upon Austria's relations with international organisations. In the meantime, the global developments in international development like Paris Declaration, the Millennium Development Goals and the Sustainable Development Goals have been briefly examined.

1.2. Research Questions and Hypothesis

Our basic Research Question is whether Austria makes good use of peer reviews prepared by the OECD DAC over the years. How can we critically examine Austria's Development Cooperation by Assessing the Aid and Peer Reviews Prepared by the OECD Development Assistance Committee? What does the aid and peer review history of Austria tell us?

We also have some other secondary questions. They include how the aid and peer reviews affected the architecture of development cooperation in general?; What is the way forward?;

[1] OECD (2003), *OECD Economic Surveys 2002-2003: Austria*, (Paris: OECD Publishing), p. 131

What do Austria's aid and peer reviews on development cooperation tell us about the progress Austria made on the development cooperation since 1993?; How did the aid and peer reviews affect the aid architecture of Austria?; Why were some of the recommendations of the Aid and Peer Reviews not implemented or partially implemented?; How do the Austrian partners approach Austria’s aid and peer reviews?; What is the nature of the relationship between the OECD DAC and the Austrian partners?; Can we compare the aid and peer reviews of Austria with those of other DAC Members, e.g. Germany?; After so many aid and peer reviews, is there still a way to improve the whole system?

Our basic thesis is that if there had been no aid and peer reviews, it would have been impossible for Austria's development cooperation system to reach its current position and the change it experienced between 1960 and 2023. Therefore, as for many other DAC Member States, the DAC Aid and Peer Reviews have been useful for Austria too.

In this study, the several questions we raised above are tried to be answered throughout the study.

1.3. Theory

As it is well known there are many theories explaining the reasons for the actions of the states and other actors in the international arena. For instance, instead of spending for their own people and citizens, why do countries spend some of their own revenues for some other nations' people in need? Why do they cooperate for the alleviation of poverty globally? In the various parts of this thesis, we touched upon this question and gave reasons for them in terms of international commitments and domestic legal codes adopted internally.

Here we would like to approach this question in terms of theories. Beliai describes “theory” as “*a unique set of concepts, definitions, and propositions, which, taken together, help to describe* *certain aspects of our life*".[2] Every phenomenon has various aspects so there are more than one theory explaining the same thing.

American political scientists Robert O. Keohane and Joseph Samuel Nye Jr. developed a neoliberal institutionalist theory in their book titled "*Power and Interdependence*" published first in 1977 and republished in later years.[3]

In another book titled *After Hegemony,* Keohane mentions pessimism about co-operation by saying that "*nothing seems so dismal as writing about international cooperation*."[4] Yet, for Keohane, the new realist ideology that foresees competition and distrust as the only possible way of interaction among states was false. He believed in the possibility of co-operation among states. Because, all the states and even non-state actors such as multinational corporations and international trade unions, federations in the global system could benefit by co-operation.

Although Keohane introduced counter arguments against the idea about state competition, he accepted that states are selfish entities. But he also argued that states, being self-interested actors, actually cooperate to get the best results: He also opposed the new realist idea claiming that only a hegemonic power can make state co-operation possible by pointing to the increased cooperation after the decline of the United States hegemony in the 1970s.

According to Keohane's regime theory which is an expanded version of the Interdependence Theory, international institutions such as the United Nations or international regimes such as the International Monetary Fund, thus the OECD, have the capacity to greatly influence the behaviour of states and non-state actors.

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[2] Violetta Beliai (2018) *Role of Institutional Factor in the Current Cooperation Between UNIDO and the Russian Federation* (Vienna: University of Vienna, Unpublished Master Thesis), p. 16

[3] See Robert Owen Keohane and Joseph S. Nye, Jr. (2012) *Power and Interdependence*, (4th Edition), (Boston: Longman) [Hereafter, Keohane and Nye, Power and Interdependence]

[4] Robert O. Keohane (1984) *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press), p. 5 [Hereafter, Keohane, After Hegemony]

For Keohane the key element to realise and maintain co-operation among states is also hidden in the international institutions. The international institutions are the tools in the forms of norms and institutions that help states cooperate on the international level. These are safe tools for states to maintain co-operation because they allow states to collectively bargain any possible gains and create a forceful system. Therefore, they provide safe future for themselves.

The international institutions are useful for states because they reduce the transaction costs in terms of time and money since the states do not have to revisit every agreement every time something related happens.

States and non-state actors gather under the roof of international regimes, negotiate and bargain likely scenarios and situations. And in the future, they do not have to come together again to establish such rules because they already have the rules.

These ideas of Keohane were mostly reflected in his famous book "*After Hegemony: Co-operation and Discord in the World Political Economy*" which was published in 1984.[5]

Keohane developed the concept of complex interdependence. According to this concept, state relations have gradually become more complex and interdependent since the 1970s. Such interdependence is mostly attributable to the economic activities of the states. But as a result of this process that made states more interdependent now non-state actors are also important elements of the global order for regulation of the existing complex interdependence.[6]

The terms soft power and smart power were developed by Joseph S. Nye. Soft power can be explained as the counter concept of hard power namely military power, and it means appealing and attracting others without using force but using the influence of culture or politics. Smart power on the other hand is more about a state's ability to combine its hard and soft power

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[5] See, Keohane, After Hegemony

[6] Robert O. Keohane (2020) "Understanding Multilateral Institutions in Easy and Hard Times", *Annual Reviews*, https://www.annualreviews.org/docserver/fulltext/polisci/23/1/annurev-polisci-050918-042625.pdf?expires=1724064801&id=id&accname=guest&checksum=00DBE2F3A325A330B2A70A047EE6AB8A (Accessed on 10 June 2024) [Hereafter, Keohane, Understanding Multilateral Institutions]

capabilities for a successful strategy on a global level. Official development assistance is seen as an instrument of soft power to wield power over other states.

1.4. Methodology

The aid and peer review reports on Austria prepared by the OECD DAC starting from 1993 till 2020 have been analysed diligently. Moreover, the Austrian Development Cooperation organization, that is, some ADA authorities have been contacted and interviewed about the findings in the peer reviews to ascertain their views about the issues raised in them.

1.5. Methods

In this study, we examine the two aid and five peer review reports produced on Austria as a result of this aid and peer review system and examine how they affected the development co-operation system of Austria.

In order to make this review, we consider the aid review reports issued in 1993 and 1996 and the peer review reports issued in 1999, 2004, 2009, 2015 and finally in 2020 by the OECD DAC. Using content analysis of the OECD Austrian Aid and Peer Reviews and Austrian regulations in this area, this thesis analyses the change of discourse and system in the area of development cooperation in Austria.

When we finished our analysis of peer review reports, we contacted the Austrian Development Co-operation staff and tried to ascertain certain issues we encountered during our research. I had an illuminating interview with one of the high officials of the Austrian Development Agency.

1.6. Structure of the Thesis

The thesis starts with the emergence of international aid and the establishment of the OECD. The development of international aid and the share of the OECD in it were evaluated. In this context, the establishment of the OECD and the establishment of the Development Assistance Committee and the Development Co-operation Directorate were also assessed. Later, the history of Austria from the perspective of development cooperation related matters are touched upon. A special emphasis was given to the events in the wake of the First World War and the Second World War. The place of Austria in the Marshall Plan was also touched upon.

In a place where a country's development assistance and its structure are evaluated, it would not be possible not to mention development assistance in general. Therefore, what has happened in this field in recent years has been evaluated in another chapter. The Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs) are evaluated in this context.

Before analysing Austria's Aid and Peer Reviews, it was also necessary to examine how this system works in general. A chapter has been devoted to the objectives of aid and peer reviews, how they are done and general principles covering aid and peer review evaluations.

Finally, aid and peer reviews of Austria since 1993 were examined as the main body of the thesis. After giving a brief history of aid and peer reviews, the main issues that were raised in different aid and peer reviews were taken one by one in each aid and peer review so that we can see the development of the matter easily.

The thesis ends with a conclusion.

1.7. Sources

In this study, the OECD DAC Aid and Peer Reviews on Austria between 1993 and 2020 and Austrian regulation regarding this area have been our primary sources. That is to say, we take into consideration the last two aid reviews and five peer reviews on Austria. Moreover, an interview was done with an official of the Austrian Development Agency. Some valuable comments were made during this interview. Moreover, some OECD DAC documents have also been used as primary sources. Besides, secondary and tertiary literature on this topic was studied and reviewed for our study.

2. THE EMERGENCE OF INTERNATIONAL AID AND THE OECD

After the establishment of the OECD and the DAC, many new developments took place in the field of international development assistance. Many countries have established systems to organize their aid. While this was sometimes an organization on its own, sometimes it emerged as units affiliated to foreign ministries or prime ministries. The OECD and other international organizations, especially the World Bank and the United Nations Development Programme (UNDP), also took an active role in this field.

The development partners that were part of the OECD DAC also proliferated over time. Official Development Assistance (ODA) increased too. Initial aid receivers began to be called "development partners" for political correctness. Alongside the "established" donors of the OECD DAC, there appeared new donors being called "emerging donors". With this new development, coordination between aid efforts has become necessary for aid effectiveness and efficiency.

As mentioned in the Marshall Plan section of this paper, the international aid efforts started immediately after the Second World War. Political and ideological considerations played an important part in that effort. But claiming that only, will not explain the whole picture correctly. In the backing by the wider public for that scheme in the aid providing countries, humanitarian considerations played an important part as well.

Development studies were launched in many Western countries. Economic, political and sociological considerations were given as justification for providing development assistance. By investigating sixty years of development aid, Bartenev and Glazunova found that humanitarian/moral, political and economic reasons had been behind the international aid activities. Not remaining indifferent to the suffering of human beings is meant by humanitarian/moral dimension; and security concerns are meant by political considerations.[7]

[7] Vladimir Bartenev and Elena Glazunova (Eds.) (2013) *International Development Cooperation: Set of Lectures* (Moscow: World Bank), p. 12 [Hereafter, Bartenev and Glazunova]

2.1. The Emergence of International Aid

At the beginning of 20th century, one of the famous American economists, Walter Lippmann suggested the need for action to eradicate underdevelopment for creating a stable world order. He stated that *"We cannot turn our backs on the weak countries. We must act in order to make them strong. The central motive of a democratic foreign policy must be the modernization of the feeble and distracted nations...that is the only program of peace which really deals with the trouble."*[8]

Some 30 years later, the United States President Harry Truman announced a programme of technical assistance to underdeveloped countries by stating that *"We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas."*[9]

The ideas of Walter Lippmann and President Truman ushered in the development of the OECD and the UNDP and other international organizations for providing a ground for international development assistance.

In the 1980's, there began a development assistance fatigue. Some began to question the usefulness of providing aid to the underdeveloped world. However, the defenders of development assistance claimed that it achieved clear results. Secondly, being indifferent to the miseries of the less developed countries was not possible for the developed world. Moreover, problems were so intricate that they could only be solved with the cooperation of the developed

[8] Walter Lippmann (1970) *Early Writings*. (New York.: Liveright), pp. 28-29 quoted in Bartenev and Glazunova, p. 22

[9] Public Papers of the Presidents of the United States: Harry S. Truman, 1949. Wash., 1963, pp.114-115. Quoted in Bartenev and Glazunova, pp. 22

and developing world. Abandoning development assistance would only demolish many of the accomplishments of the previous decades.

Later on, development began to be accepted as one of the natural human rights alongside the right to life and freedom. Instead of development, a new concept started to be used. It is called "*Human Development*". *The Millennium Development Goals* were developed by the United Nations in such circumstances. That meant that ensuring peace and security, gender equality, poverty eradication, health and education were necessary ingredients of development.

As to the usefulness of development assistance, the neoclassical economists rightfully suggested that self-reliance is more important than foreign aid for economic development. Receiving energy from outside is sometimes necessary but it is a must to have internal energy generation for sustainable development. This issue is made clear in a Turkish proverb, "Mills cannot be operated with bucket water".

However, the term sustainable development did not appear until it was coined by a United Nations Commission headed by the former Norwegian Prime Minister Gro Brundtland in 1987. The report named "*Our Common Future*" was also called "*the Brundtland Report*" because of the surname of the head of the Commission. The report envisaged that environment and development are interconnected, and natural resources need to be used in a responsible way. That is, it was suggesting "sustainable development".

Sustainable development can be defined as humanity's ability "*to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs.*" So, the report highlighted the importance of the environment and international cooperation to protect it.[10] The definition of sustainable development is still in use today. Climate change was

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[10] Ksenia Gerasimova (2017) *An Analysis of Brundtland Commission's Our Common Future*, (London: Macat International Ltd.), p. 5

also highlighted in the report and it is one of the continuous debates and the problem needs to be tackled through many means including international development cooperation.[11]

Development was initially understood as economic advancement. However, other dimensions began to be stressed in the later stages. The United Nations developed a "*Human Development Index*" and starting from 1990, it began to publish annual human development reports.[12] So investments in human capital as well as poverty eradication began to be seen as the other dimensions of development alongside economic growth.

The persons behind the human development index were Indian Economist Amartya Sen, American Philosopher Martha Nussbaum and Pakistani Economist Mahbub-ul Haq.[13]

In his famous book titled *Reflections on Human Development,* Mahbub-ul Haq claims that economic development provided no guarantees that rich people would spend money on improving health, education or other human development outcomes for the poor. Moreover, he suggested that "people were both the means and the end of economic development". So, people need to be included in development as both a means and an end.[14]

For underdevelopment, there have been many different theories. By looking at the past of the underdeveloped countries, some suggested that colonialism and excessive exploitation during colonial times were the reasons behind the lack of development. Some "neoclassical counterrevolution" theorists suggested that excessive economic interventionism, corruption and a lack of private initiatives were the reasons behind economic development failures.[15]

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[11] See the full text of 1987 Report of the World Commission on Environment and Development - *Our Common Future*, https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf (Last accessed in May 2023)

[12] Mahbub ul Haq (1995), *Reflections on Human Development*: How the focus of development economics shifted from national income accounting to people-centred policies, told by one of the chief architects of the new paradigm (Oxford: Oxford University Press) p. xviii [Hereafter, Mahbub ul Haq (1995)]

[13] Riley Quinn (2017), *Mahbub ul Haq's Reflections on Human Development*. (London: Routledge), p. 30

[14] Mahbub ul Haq (1995), p. 4

[15] Bartenev and Glazunova, p. 28

2.2. The Establishment of the OECD

With the UN Resolution 1710 (XVI), the 1960s had become the First United Nations Development Decade.[16] As part of that decade, the establishment of the Organization for Economic Co-operation and Development was realised in the beginning of the 1960s. That is to say, the OECD's origins date back to 1960, when 18 European countries plus the United States and Canada joined forces to create an organization dedicated to economic development. The original member countries of the OECD have been Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. Moreover, the Commission of the European Communities takes part in the work of the OECD (Article 13 of the OECD Convention).

As of 2024, the membership of the OECD has risen from initial 20 to 38 countries which span the globe, from North and South America to Europe and Asia-Pacific. They include many of the world’s most advanced countries but also emerging economies like Mexico, Chile, Colombia, Costa Rica and Turkey.

OECD also works closely with emerging economies like the People's Republic of China, India and Brazil and developing economies in Africa, Asia, Latin America and the Caribbean. OECD’s goal continues to be building a stronger, cleaner and fairer world.

Pursuant to Article 1 of the Convention signed in Paris on 14th December 1960, which came into force on 30th September 1961, *the Organisation for Economic Co-operation and Development (OECD) shall promote policies designed:*

[16] UN General Assembly (1961, 19 December), Resolution 1710 (XVI): United Nations Development Decade: A Programme for International Economic Co-operation (I), https://digitallibrary.un.org/record/204609 (Accessed on 21 August 2022)

- *To achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;*

- *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.*[17]

2.3. The Establishment of the Development Assistance Committee (DAC)

The Development Assistance Committee came into existence in the aftermath of the destructive Second World War. As of the mid 1980's, the DAC began to emerge as a prominent consultation platform for matters related to development co-operation policies.[18] The DAC completed its remarkable 60 years of existence at the end of 2021.[19] As one of the illiberal countries in Asia, China's success in fighting poverty in recent decades shows, by and large, democracy, administrative liability have not been necessary in order to achieve the alleviation of poverty; yet such values are of essential priority for the DAC.[20]

In order to achieve its aims, the OECD has set up a number of specialised committees. One of them has been the Development Assistance Committee (DAC). The OECD Development Assistance Committee is a unique international forum of many of the largest providers of aid, including 38 members of the OECD. The World Bank, the International Monetary Fund (IMF)

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[17] OECD (14 December 1960), "*Convention on the Organisation for Economic Co-operation and Development*", https://www.oecd.org/general/conventionontheorganisationforeconomicco-operationanddevelopment.htm (Last Accessed in March 2023)

[18] DIE (2021), *Origins, Evolution and Future of Global Development Cooperation: The Role of the Development Assistance Committee* (DAC) (Bonn: Deutsches Institut für Entwicklungspolitik), p. 2 [Hereafter, DIE (2021)]

[19] DIE (2021), p. 12

[20] DIE (2021), p. 13

and the United Nations Development Programme (UNDP) participate as observers. The Committee became part of the OECD by Ministerial Resolution on 23 July 1961.

The OECD DAC members have agreed to secure an expansion of the 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.[21]

Even though OECD has 38 members as of August 2024, the DAC has only 32 member countries in the meantime. That is, the DAC's membership is smaller than the number of the OECD member states. Candidate countries for the DAC are assessed in terms of the following criteria: "*the existence of appropriate strategies, policies and institutional frameworks that ensure capacity to deliver a development co-operation programme; an accepted measure of effort; and the existence of a system of performance monitoring and evaluation*".[22]

As members of the DAC, the countries pledge to implement forthwith the recommendations adopted by the DAC since its inception and to commit to use the DAC guidelines and reference documents in formulating their national development co-operation policies. They also provide the annual submission of the required ODA statistics and, on request, summary information describing their aid efforts and policies to be included in the Development Co-operation Reports. The members undertake to participate in the meetings of the DAC and at least one of its subsidiary bodies. Finally, the DAC members agree to submit to a regular Peer Review of their development co-operation, undertaken by the DAC and the OECD/Development Co-operation Directorate (DCD), and to serve as an examiner in reviewing other member programmes.

As a result, being a member of the DAC means opening a country's foreign aid to inspection, therefore to the criticism of international society. Therefore, it is not sustainable for countries to become members of the DAC without developing internal democracy, accountability,

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[21] OECD DAC (2004), *Peer Review of Austria* (Paris: OECD Publications), p. 2

[22] OECD (August 2024), "Development Assistance Committee (DAC)", https://www.oecd.org/en/about/committees/development-assistance-committee.html (Accessed in August 2024)

transparency, and the rule of law. Without being a member of the DAC, countries can declare their foreign aid as they wish, by not taking into account whether their development cooperation activities meet internationally agreed standards or not. If they are not ready to improve their aid system or to be transparent, then, there is no point in being a member of the DAC.

2.4. The Development Co-operation Directorate (DCD)

The Development Co-operation Directorate (DCD) promotes coordinated, innovative international action to accelerate progress towards the Sustainable Development Goals (SDGs) in developing countries and improve their financing. By supporting the OECD Development Assistance Committee (DAC), the DCD helps to set up international principles and standards for development cooperation and monitors how donors deliver on their commitments. Drawing upon the whole OECD expertise, the DCD supports members and partners with their data, analysis, and guidance.[23]

[23] See, OECD (2024), "Development Co-operation Directorate" https://www.oecd.org/en/about/directorates/development-co-operation-directorate.html (Last accessed in September 2024)

3. THE MEDIUM WHERE INTERNATIONAL DEVELOPMENT TAKES PLACE

3.1. The Definition of Development

For the people who study "International Development", it is important to know the definition of "development". It is defined in the UN documents and the first definition dates back to 1986. In the preamble of *the Declaration on the Right to Development*, development is defined as:

> *"a comprehensive economic, social, cultural and political process which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting therefrom"*[24]

In the preamble of the Resolution adopted by the General Assembly on 25 September 2015 under "*Transforming Our World: the 2030 Agenda for Sustainable Development"*, the aim of development is described as "*eradicating poverty in all its forms and dimensions, including extreme poverty*".[25]

While development necessitates the raising of the level of human well-being, what is expected from development co-operation is the removal of the barriers to progress or working together with partner countries to achieve these aims.[26]

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[24] UN General Assembly (1986), A/RES/41/128: Declaration on the Right to Development, Preamble, https://www.ohchr.org/en/instruments-mechanisms/instruments/declaration-right-development (Last Accessed on 10.09.2022)

[25] UN General Assembly (2015), A/RES/70/1: Transforming our world: the 2030 Agenda for Sustainable Development, Preamble. https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf (Accessed on 10.09.2022)

[26] AIV (Advisory Council on International Affairs) (June 2005) *"The Influence of Culture and Religion on Development Stimulus or Stagnation?"*, AIV Report No. 42 (The Netherlands), p. 12 (Accessed in May 2021) https://www.advisorycouncilinternationalaffairs.nl/

While development was initially equated with economic development, more and more non-economic conditions have also been mentioned for sustainable economic development, like gender equality, environmental management, democratisation, good governance, human rights etc.

3.2. The Millennium Development Goals

At a time when international aid levels were falling, the OECD DAC produced a report "*Shaping the 21st Century*" to reverse that trend. In that report[27], the original forms of the Millennium Development Goals (MDGs) were proposed. Later on, the MDGs provided a new impetus for developed countries to increase their Official Development Assistance (ODA). However, debt relief accounted for half of the increase in the aid during this period.

The UN General Assembly signed *the Millennium Declaration* at a session on 8 September 2000. 189 countries took part in the signing of the Declaration. The MDGs, that is, Millennium Development Goals or eight international development goals were originally scheduled to be achieved by 2015. These goals included commitments to eradicate extreme poverty and hunger, to achieve universal primary education, to promote gender equality and empower women, to decrease child mortality, to improve maternal health, to combat diseases such as HIV/AIDS, to maintain environmental sustainability, and to develop a global partnership for development.

The MDGs remained in force until the adoption of the Sustainable Development Goals (SDGs) in 2015.

The achievement towards the goals were uneven. Some countries made big progress on some of them, some could not do the same.

[27] See, OECD, DAC (May 1996) "*Shaping the 21st Century: The Contribution of Development Cooperation*" (Paris: OECD Publishing)

3.3. The 2030 Agenda for Sustainable Development Goals

The Sustainable Development Goals (SDGs) have been designed to be operational between 2015 and 2030. Like the MDGs between 2000 and 2015, the SDGs are the guiding principles for the international donor community between 2015 and 2030. The SDGs are based on the UN agenda "*Transforming our World: The 2030 Agenda for Sustainable Development*"" published on 21 October 2015.[28] They have 17 new goals and 169 targets designed to "*transform our world*". The Resolution was adopted unanimously by the 193 UN Member States.[29]

As Austria has been one of the countries that voted for the Resolution, the SDGs are also guiding principles and the goals to be achieved for the Austrian development cooperation system till 2030.

Paragraph 27 of the Resolution (A/RES/70/1 (2015)) states that economic growth is crucial for overcoming poverty. Moreover, Paragraph 28 continues that *"[a]ll countries take action, with developed countries taking the lead, taking into account the development and capabilities of developing countries"*. For attaining these goals *"mobilization of financial resources [...] and the transfer of environmentally sound technologies to developing countries on favourable terms"* are suggested for developed countries like Austria. In paragraph 43, countries like Austria are asked "*to reaffirm their respective commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of gross national income for official development assistance (ODA/GNI) to developing countries and 0.15 per cent to 0.2 per cent of ODA/GNI to least developed countries.*"

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[28] UN General Assembly (2015), *A/RES/70/1: Transforming our world: the 2030 Agenda for Sustainable Development, Preamble*. https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf [Hereafter: UNGA(2015) *A/RES/70/1*](Accessed on 10.09.2022)

[29] Katharina Funke-Kaiser (2016) *The Right to Development and the Sustainable Development Goals: Different Discourses - Same Destination*, (University of Vienna, Unpublished Master Thesis), p. 53 [Hereafter, Funke-Kaiser (2016)]

In target 1.a, the developed countries are asked *"to provide adequate and predictable means for developing countries [...] to implement programmes and policies to end poverty"*. They are also asked to *"[i]ncrease [...] agriculture productive capacity in developing countries, in particular least developing countries"* (Target 2.a) and to *"[c]orrect and prevent trade restrictions and distortions in world agricultural markets"* (Target 2.b); to *"[a]dopt measures to ensure the proper functioning of food commodity markets, [...] access to market information [...], in order to help limit extreme food price volatility"* (Target 2.c).

In Goal 4.b, the international community of developed countries are advised to increase "the number of scholarships available to developing countries"… "in higher education, including vocational training and information and communications technology, technical, engineering, and scientific programmes in developed and other developing countries".[30] That is the goal that Austria is very good at. At Goal 4.c developing countries are called to help the teacher training efforts for qualified teachers through international cooperation.

Out of 17 Goals of the SDGs, the Goal 17 is one of the most relevant for development cooperation countries. It again reiterates the 0.7 per cent ODA target of the GNI. Moreover 0.2 per cent target for "the Least Developed Countries" has also been reiterated. North-South, South-South and triangular cooperation are supported modalities of relationships between countries by the SDGs with the Goal 17 too. Funke-Kaiser argues that the SDGs have been a milestone in diplomatic relations.[31]

3.4. The 0.7 Per Cent ODA/GNI Aid Target

Reaching the 0.7 per cent ODA/GNI aid target is one of the constant issues appearing almost in every DAC peer review. It is also one of the issues raised in development finance. It is one of the criteria that donor countries are assessed ever since this target was set in 1970's.

[30] UNGA(2015) *A/RES/70/1*, p. 17

[31] Funke-Kaiser (2016), p. 66

The aid and gross national income (GNI) target first emerged in the DAC talks in the 1960s. The goal of 0.7 was first proposed for the UK by Nobel Prize winning economist W. Arthur Lewis. Later Dutch Nobel Prize-winning economic modeller Jan Tinbergen put it into a development financing framework. This goal was later embraced by the United Nations.[32]

The UN General Assembly (UNGA) adopted the 0.7 target level in October 1970. That is, in the Second United Nations Development Decade, 0.7 per cent target was set with the UN Resolution 2626 (XXV). According to Paragraph 43 of Resolution 2626,[33] the economically advanced countries are urged to "*increase their official development assistance to the developing countries to 0.7 per cent of their gross national product at market prices*" by the middle of the 1970s. Thus, the ODA/GNI ratio has become a standard measure. The DAC statistics used it intensively even though it was never adopted as a DAC aid target.[34]

From the outset, it was a very ambitious target. The Developed Countries were expected to reach that threshold in 5 to 10 years on an untied basis. That is to say, even before the threshold was agreed upon by the UN, the World Bank's Pearson Commission recommended in 1969 that the ODA should reach 0.7 per cent by 1975 or at least, by 1980.

However, the realisation was only around 0.35 per cent until the end of the Cold War. It later on decreased to 0.22 percent between 1997 and 2001 and has risen again to around 0.3 per cent at the beginning of the 2020s.[35]

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[32] Richard Carey, "Development, Development Cooperation, and the DAC: Epistemologies and Ambiguities" in Gerado Bracho (et. al.) (2021) *Origins, Evolution and Future of Global Development Cooperation: The Role of the Development Assistance Committee (DAC)* (Bonn: Deutsches Institut für Entwicklungspolitik), p. 23

[33] UN General Assembly (1970, 24.09.), *A_RES_25_2626 (XXV): International Development Strategy for the Second United Nations Development Decade*, http://www.un-documents.net/a25r2626.htm (Accessed on 10.09.2022)

[34] Bracho, Gerardo (et. al.) (2021), Origins, Evolution and Future of Global Development Cooperation: The Role of the Development Assistance Committee (DAC) (Bonn: Deutsches Institut für Entwicklungspolitik) [Hereafter, Gerado Bracho (et. al.) (2021)], p. 23

[35] Gerado Bracho (et. al.) (2021), p. 25

At the meeting of the Barcelona European Council on 15 and 16 March 2002, the European Union Members including Austria agreed that the UN goal of 0.7 percent ODA/GNI was also a goal for the EU Member States. And the Member States that had not achieved that goal would strive to do that.

> *"Whilst the other Member States renew their efforts to remain at or above the target of 0.7% ODA, so that collectively a European Union average of 0.39% is reached by 2006. In view of this goal, all the European Union Member States will in any case strive to reach, within their respective budget allocation processes, at least 0.33% ODA/GNI by 2006."*[36]

Even though the only countries that reached the 0.7 ODA/GNI target have been the Nordic countries and the Netherlands, the 0.7 per cent of DAC Countries' GNI has still not been realised as of 2024 and seems not to be realised in the near future. The volume of finance has been around half of that number.

Even though it has never been achieved, the 0.7 target is still valid today politically. For instance, the European Council reaffirmed its commitment to reach the 0.7 percent target by 2030 for all its members in 2015.[37]

For the first time in its aid history, Germany reached the 0.7 percent target in 2020.[38] France also has committed to achieve it. However, there is still a long road to achieve the 0.7 target due to the gap between promises and performance.

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[36] The EU Presidency Conclusions, (15-16 March 2002) *Barcelona European Council*, SN100/1/02/Rev 1, Point https://ec.europa.eu/invest-in-research/pdf/download_en/barcelona_european_council.pdf (Last Accessed in May 2023)

[37] European Commission (2022, 18 July), *"Team Europe's Official Development Assistance reaches €70.2 billion in 2021"* https://ec.europa.eu/commission/presscorner/detail/en/IP_22_4532 (Last Accessed on 10 January 2023)

[38] OECD (2021), *OECD Development Co-operation Peer Reviews: Germany 202*1 (Paris: OECD Publishing) https://doi.org/10.1787/bb32a97d-en

3.5. Tied and Untied Aid

One of the important issues regarding aid is that the aid should not be given in a tied form. In other words, this situation, which can be explained as "*receiving aid with a condition to buy solely from the donor country*", is one of the issues that has been taken into consideration since the 1970s and has been taken into account by the OECD DAC in peer reviews.

There are many definitions regarding "*tied aid*".[39] Sometimes tied aid is realised in a formal way, that is, the recipient country has no choice but to obey the tied aid rule imposed by the donor country if it wants to receive the grant or the loan. The aid is then called "*formally tied aid*". This situation is rare nowadays. The most widespread form is that there is no rule stipulating the receiving country about aid but in fact the recipient is compelled to purchase from specific countries or regions and this type of aid is described as "*informally tied aid*". "*Untied aid*" can also be described as the situation where aid is not subject to any geographical limitations on procurement.[40]

The tied aid can be described as the provision of loans and grants conditional on goods and services being procured from the donor country.[41]

It is usually accepted by Economists that "tying aid undermines the effectiveness of aid". It leads to "higher costs paid for the goods and services purchased" and "the distortion of the nature of the aid".[42] Therefore tied aid is harmful for aid effectiveness.

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[39] See the "Glossary of Development Terms" for the definitions of "tied aid" and "untied aid" in OECD (2013), *Development Co-operation Report 2013: Ending Poverty*, (Paris: OECD Publishing). http://dx.doi.org/10.1787/dcr-2013-en, p. 289

[40] For a very lengthy legal discussion on tied aid and the definitions of "formally tied aid" and "informally tied aid", See Annamaria La Chimia (2013) *Tied Aid and Development Aid Procurement in the Framework of EU and WTO Law: The Imperative for Change* (Oxford: Hart Publishing) p. 1 and the rest of the book.

[41] Richard Woodward, "Putting the "D" into OECD: The DAC in the Cold War Years" in Gerado Bracho (et. al.) (2021) *Origins, Evolution and Future of Global Development Cooperation: The Role of the Development Assistance Committee (DAC)* (Bonn: Deutsches Institut für Entwicklungspolitik), p. 284

[42] Annamaria La Chimia (2013), p. 2

Moreover, tying frustrates the potential of aid to foster trade between developing countries. In many of these countries, public bodies and, in particular, aid-financed projects are major potential outlets for trade between the neighbouring states.

The progress among the DAC members had been slow until the 2001 agreement. In 2001, the DAC Recommendation on Untying ODA to the Least Developed Countries was accepted. Austria has been part of that agreement.[43] Other than technical assistance, food aid and scholarships, the tied aid has been reduced in other areas. By 2021, the untied aid has reached 79 percent of the ODA.[44]

[43] OECD DAC Peer Review of Austria 2004, p. 44

[44] J. Brian Atwood and Richard Manning, "DAC High Level Forums on Aid Effectiveness" in Gerado Bracho (et. al.) (2021) *Origins, Evolution and Future of Global Development Cooperation: The Role of the Development Assistance Committee (DAC)* (Bonn: Deutsches Institut für Entwicklungspolitik), p.380

4. THE PEER REVIEW SYSTEM OF DAC

Before considering the aid and peer reviews of Austria prepared by the DAC, it is important to have a look how the peer review system of the DAC works. That is why, this chapter has been allocated to this issue.

An exam is normally conducted by the superiors of the examined. That is, students are examined by their teachers or lecturers. When the students are examined by other students that means that either the exam is not real or at the end no one will graduate with a real certificate. Even if the students get certificates, they would be worthless.

The peer reviews can be resembled to this situation. Countries are examined by other countries with the help of the DAC. At the end, the reports have some value, but they are not fully enforceable. That is, it is up to the individual members to implement them. The heaviest penalty for not implementing could only be blamed by the other member states or the other interested parties.

If this situation is expressed technically, it could be stated as Ashoff does that the DAC recommendations in the peer reviews could be considered as international "soft law". That is, they are politically binding rather than legally and lack any legal sanctions.[45]

4.1. The Peer Reviews of the Development Assistance Committee (DAC)

As one of the main pillars of international aid architecture[46], the OECD Development Assistance Committee (DAC) evaluates periodically each member's efforts at development cooperation. Each member's policies and programmes are now critically reviewed roughly every five to six years, with five members being reviewed each year.[47]

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[45] Guido Ashoff (2013), "50 Years of Peer Reviews by the OECD's Development Assistance Committee: An Instrument of Quality Assurance and Mutual Learning", *Briefing Paper*, No. 12/2013, (Bonn: Deutsches Institut für Entwicklungspolitik (DIE)), p. 3 [Hereafter: *Ashoff (2013)]*

[46] Joren Verschaeve and Jan Orbie (May 2015), "The DAC is Dead, Long Live the DCF? A Comparative Analysis of the OECD Development Assistance Committee and the UN Development Cooperation Forum" *European Journal of Development Research 28(4)*, https://www.researchgate.net/publication/277897647_The_DAC_is_Dead_Long_Live_the_DCF_A_Comparative_Analysis_of_the_OECD_Development_Assistance_Committee_and_the_UN_Development_Cooperation_Forum (Accessed on 13.09.2024)

[47] OECD (2019), "Conducting the peer review", in *OECD Development Co-operation Peer Reviews: Switzerland 2019*, (Paris: OECD Publishing) DOI: https://doi.org/10.1787/6a2c4394-en p. 3

The analytical support to peer reviews is provided by the OECD Development Co-operation Directorate (DCD). The DCD develops and maintains, in close consultation with the Committee, the methodology and analytical framework – known as *the Reference Guide*[48] *or DAC Peer Review Methodology*[49] – within which the peer reviews are undertaken.

4.2. The Objectives of the DAC Peer Reviews

As most of the DAC peer reviews put it, the objectives of DAC peer reviews are shown as to improve the quality and effectiveness of development co-operation policies and systems, and to promote good development partnerships for better impact on poverty reduction and sustainable development in developing countries. DAC peer reviews look at both policy and implementation, evaluating a member's performance in addition to that of its development cooperation agency.[50] The DAC peer reviews espouse an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the members under review.[51]

In fact, peer reviews are a kind of evaluations. In an interview about evaluations at the Youtube Channel of the OECD DAC Evaluation Network, there was a talk with Henri Jorritsma, Deputy Director, Policy and Operations Evaluation Department of the Netherlands in 2012. He was at the same time the Vice-Chair of the DAC Evaluation Network at the time of interview. Jorritsma claimed that development assistance programmes were evaluated for two reasons. The first one was for learning what they had done so far to draw lessons to improve their performance in the future. The second one was for being accountable for public expenditure. That is, peer reviews were important for learning and accountability.[52]

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[48] See, OECD DCD/DAC (23.10.2014), DAC *Peer Review Reference Guide 2015-2016*, DCD/DAC(2014)52, https://one.oecd.org/document/DCD/DAC(2014)52/en/pdf , [Hereafter, *DAC Peer Review Reference Guide (2014)]*
[49] OECD DCD/DAC (23.05.2023), *DAC Peer Review Methodology*, DCD/DAC(2022)57/FINAL, https://one.oecd.org/document/DCD/DAC(2022)57/FINAL/en/pdf , [Hereafter, *DAC Peer Review Methodology (2023)*]
[50] OECD (2019), "Conducting the peer review", in *OECD Development Co-operation Peer Reviews: Switzerland 2019*, (Paris: OECD Publishing) DOI: https://doi.org/10.1787/6a2c4394-en p. 3
[51] OECD (2015), "Conducting the peer review", in *OECD Development Co-operation Peer Reviews: Germany 2015*, (Paris: OECD Publishing.) *http://dx.doi.org/10.1787/9789264246133-en* p. 3
[52] OECDEvalNet, (2012, June 19). "DAC Evaluation Network talks with Henri Jorritsma" [Video]. *YouTube*. https://www.youtube.com/watch?v=xGSIoH49Wvk [Accessed in September 2024]

That is, the DAC peer reviews aim to strengthen development cooperation policies, processes, financing, and practices by encouraging both individual and group behaviour changes among DAC members through a combination of accountability and learning.[53]

4.3. How the Peer Reviews Are Done

The way the peer reviews are done have improved over the years and the following is the most developed version of the preparation of peer reviews.

A year prior to the scheduled start of the review, the review's timeline is agreed upon by the Secretariat, the reviewed member, and the peer reviewers. Dates for submitting a self-assessment, the contact information of important partners and potential partner countries, and the documentation provided by the examined member are all included. Dates for the DAC meeting, focus area agreement, document review, and headquarters and partner country exchanges are then decided. For the review process to proceed well, the dates that were agreed upon must be adhered to.[54]

A team including Secretariat representatives and officials from two DAC members who are designated as "examiners" prepares the peer review. The reviewed country submits a memorandum outlining the key advancements in its policies and programmes. To gain a first-hand understanding of current issues pertaining to the member's development cooperation efforts, the Secretariat and the examiners then travel to the capital of the reviewed country to speak with representatives of civil society and non-governmental organizations, officials, and lawmakers.[55]

Field visits evaluate how members are carrying out the main DAC policies, values, and concerns in the recipient countries. They also examine operations there with a focus on local assistance

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[53] *DAC Peer Review Methodology (2023)*, p. 2
[54] *DAC Peer Review Methodology (2023)*, p. 7

[55] OECD, "*Development co-operation peer reviews and learning*", https://www.oecd.org/en/topics/sub-issues/development-co-operation-peer-reviews-and-learning.html (Accessed on 1 June 2024)

coordination, gender equality, poverty alleviation, sustainability, and other facets of participatory development. The team talks with partner country's members of parliament, the related bureaucracy, civil society, and other development partners while on the field visit.[56]

After gathering the results of these consultations, the team prepares a draft report consisted of a set of suggestions that are considered at a formal DAC meeting before the report is finalized. The OECD Development Cooperation Directorate offers analytical assistance throughout the process and is in charge of creating and preserving the methodological and analytical framework that the peer reviews are conducted within, closely collaborating with the DAC.[57]

4.4. General Principles Covering Evaluations for Peer Reviews

As stated earlier, the Peer reviews generated for the DAC members are built on the concepts of peer pressure and peer learning. Multifaceted systems of development collaboration can only be inspected through peer reviews and be given valuable guidance for the betterment of their systems. Through this instance, peer reviews can be perceived as a benchmark by which the DAC has the possibility of observing its members. Through peer reviews, the DAC members are monitored in their compliance to the guidelines of DAC, be it on the ground or at headquarters.[58]

The primary targets of the DAC peer reviews are to enhance the standards of development co-operation. Secondly, they are expected to generate trustworthy analyses which rely on accustomed guidelines which later can be followed by the OECD countries and also can be implemented by other countries outside the OECD as well. The DAC Peer Reviews also make

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[56] OECD (2019), "Conducting the Peer Review" *OECD Development Co-operation Peer Reviews: Greece 2019*, OECD Development Cooperation Peer Reviews, (Paris: OECD Publishing) *https://doi.org/10.1787/9789264311893-en*, p. 3

[57] OECD (2023), *OECD Development Co-operation Peer Reviews: Iceland 2023*, OECD Development Co-operation Peer Reviews, (Paris: OECD Publishing) https://doi.org/10.1787/a1552817-en. p. 3

[58] OECD (2013), *Evaluating Development Activities: 12 Lessons from the OECD DAC* (Paris: OECD Publishing), p. 5 [Hereafter, *OECD (2013)*]

the dissemination of beneficial practices among members possible, and they also enhance co-operation between partner countries.[59]

The evaluation process of operations related with development co-operation is amongst the spheres in which the impact of DAC on policy-making and practice can be seen. The evaluation system which is built on credible foundations is a prerequisite which must be fulfilled in order to obtain the status of membership in the DAC. Every single peer review issued checks the set-up and the implementation process of the evaluation system established by the partner country. To do that the norms developed by the DAC's Network on Development Evaluation is used. This mentioned Network can be categorised as a subcommittee of the DAC which has long been in existence and the evaluation generated through it is taken into account by the donors and partner administrations.[60]

The OECD DAC established "The DAC Principles for Evaluation of Development Assistance'" in 1991[61]. Moreover, it designed 'The Quality Standards for Development Evaluation' in 2010.[62] Those two sets of standards have become benchmarks for member countries to evaluate and report their development cooperation architecture.

Evaluation should be built upon reliable data not bound to outside distortion and give concrete policy proposals which should contribute to decision making procedure. Evaluation ought to display whether an institution is on the right track to achieving its targets. The administrators responsible for the allocation of development co-operation budgets should generate an analytical

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59 *OECD (2013),* p. 5

60 *OECD (2013),* p. 5

61 See, OECD DAC (1991) *DAC Principles for Evaluation of Development Assistance*, https://www.oecd.org/development/evaluation/2755284.pdf (Accessed in August 2022)

62 See, OECD (2010) *The Quality Standards for Development Evaluation* https://www.oecd.org/development/evaluation/qualitystandards.pdf (Accessed in August 2022)

framework for themselves to really figure out what kind of implemented measures are more prone to yield the targeted results.[63]

Institutions which have a tradition of acquiring new knowledge into their systems can make their existence felt more widely, adjust themselves to changing circumstances and this condition is also noticeable in the field of development.[64]

Regardless of how the evaluation process is constructed by the agency, it must be reliable in its essence. The so-called reliability is associated with the level of competence of individuals who carry out the evaluation process and, no matter the outcome, not only successes, but failures must be indicated as well.[65] In order to have reliable evaluation, agencies delivering aid should be equipped with sufficient, appropriate staff and budget resources.[66]

Evaluation is a necessity for administrations and collaborators of development projects in order to measure what they have realised.[67] Development activities which are under close scrutiny will yield better results and hence bring about a more simplified evaluation process.[68] One important feature of evaluations is that exact, appropriate questions should be directed in the investigation process. Even though evaluation is a valuable indicative data, it cannot by itself be a remedy to the challenges of learning and accountability.[69]

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[63] *OECD (2013)*, p. 9

[64] *OECD (2013)*, p. 13

[65] *OECD (2013)*, p. 18

[66] *OECD (2013)*, p. 21

[67] *OECD (2013)*, p. 17

[68] *OECD (2013)*, p. 23

[69] *OECD (2013)*, p. 25

There has to be a good deal of investment made into communication for institutions which carry out development activities. Otherwise, the results of evaluation can be put aside without any significant attention being given.[70]

The doubts raised as to whether aid has any beneficial effects has been in existence since the establishment days of the DAC. Due to the shrinkage of financial means available from time to time, it has become a necessary duty to display the outcomes of development projects. There is a demand for donors and administrations of collaboration to have a trustworthy and proof-based approach for their efforts.

Even though experts are aware that aid alone by itself is not able to lead development activities, So many experts still believe that the development co-operation activities should continue for the benefit of human beings enduring poverty across the globe. For instance, Simon Scott, Head of the Statistics and Monitoring Division, Development Cooperation Directorate at the OECD enumerated different reasons that aid efforts would continue in a lecture entitled 'Does official development assistance have a future?' at the Australian National University (ANU), Crawford School of Public Policy on 3 July 2013. He states that despite the aid fatigue at the beginning of 1990s, Millennium Development Goals had provided a new impetus for the ODA of the DAC Countries. He expected that Sustainable Development Goals could also provide a similar incentive after 2015 as well.[71]

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[70] *OECD (2013),* p. 39

[71] ANU TV (2013, 17.07), "Simon Scott: Does official development assistance have a future?", Video, *Youtube*. https://www.youtube.com/watch?v=YMxgzKmxETg (Accessed in September 2024) [Hereafter, *Simon Scott (2013)*]

5. AUSTRIA AND DEVELOPMENT COOPERATION

5.1. A Brief Historical Background of Austria

Austria is a country in the middle of Europe with a history of more than a thousand years. The first reference to its name 'Österreich' dates back to 996.[72] From 26 August 1278 to 1918, it remained under the rule of Habsburg Monarchy. It has witnessed many troubled times, as well as many fortunes historically. It had established one of the long-lasting multi-ethnic empires in Europe after Rome. It was fully occupied several times in its history and survived many invasion threats. After two great wars in the 20th century, Austria suffered huge losses in terms of people, land and economy. It legally ceased to exist on 13 March 1938 and was restored after the Second World War. It was extensively destroyed in 1945 after intensive aerial bombings.[73]

Austria, which came out of the First World War with a great economic, social, and medical destruction, was also severely affected by the Spanish Flu epidemic between 1918-1919, that is, immediately after the end of the First World War. The tense relations of Austria with its former parts like Czechoslovakia and Hungary which finally gained independence from Austria after the war, also aggravated the problems encountered at that time.[74]

However, Austria was rescued with the help of the first international aid it received right after the First World War. Moreover, in the harsh winters of 1918 and 1919, Austria was able to survive this period only with the Allied Food Aid, which was made thanks to the orders of Herbert Hoover, the Director of the United States Food Administration.[75]

As mentioned above, Austria ceased to exist as a state between 1938 and 1945. However, the restoration of the Austrian state was declared as a war aim in 1941 by the Allies. Towards the end of the Second World War, the Allied aerial bombings intensified on Austria especially on

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[72] Steven Beller (2007), A Concise History of Austria (Cambridge: Cambridge University Press), p. 12 [Hereafter, Beller]

[73] See for a brief history of Austria; Beller

[74] Beller, pp. 202-203

[75] Beller, p. 205

Vienna, peaking on 12 March 1945.[76] When Germany signed unconditional surrender on 7 May 1945, Austria was already destroyed extensively.

The Republic of Austria was restored on 27 April 1945 with a destroyed economy, land and desperate people. However, it remained occupied by the Allied forces of the United States, France, the United Kingdom and the Soviet Union till 1955. The occupation of Austria was ended upon the promise of permanent neutrality in connection with the State Treaty on 15 May 1955 signed by the foreign ministers of the Allied States and Austria and the passing of this as a law from the Austrian Parliament on 26 October 1955.[77]

Since the end of the Second World War in 1945, Austria has been experiencing the longest unbroken period of peace in its history. It has achieved this partly by becoming a member of the United Nations and other international organizations including the Organization for Economic Co-operation and Development, namely the OECD.

5.2. Austria and the European Recovery Programme (The Marshall Plan)

5.2.1. The European Recovery Programme (The Marshall Plan)

After the end of the Second World War, Europe was in miserable condition. A recovery programme, officially named as "Foreign Assistance Act" and "Economic Cooperation Act" was signed by US President Harry S. Truman on 3 April 1948 with the aim *"to promote world peace and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States"*.[78] A total of 12.6 billion USD was spent in the four years the

[76] Beller, p. 246

[77] Beller, p. 262

[78] *Foreign Assistance Act of 1948, Economic Cooperation Act of 1948 (1948, 3 April)*, 80th Congress, 2D Session, Chapter 169, https://www.marshallfoundation.org/library/wp-content/uploads/sites/16/2014/06/Foreign_Assistance_Act_of_1948.pdf (Accessed on 10 January 2022)

programme was in operation.[79] Out of that amount, the bulk of the money, that is, 11.780 million USD were in the form of grants (direct and conditional).[80] It is calculated that the total spent fund is equal to 114 billion USD in 2020 money terms.[81] The majority of the fund went to the United Kingdom (50 per cent), France and Germany.

Alongside the encouragement of the Marshall Plan, Western Europe began to integrate through the establishment of the European Economic Community in 1958. Due to its neutrality in the Establishment Treaty, there was a danger that Austria would be excluded from this organization. Even though the Austrian government wanted to be part of the European Coal and Steel Community in 1956, it could not do so due to the external constraints, a solution was found later and Austria joined the European Free Trade Area (EFTA) instead in 1960. So, Austria was not a reluctant European from the beginning like some other states. It was always pro-European integration like Germany.[82]

5.2.2. Austria and the Marshall Plan

As stated in the previous section, Austria was extensively destroyed in the Second World War. That is why the United States administration saw the need for help in the devastated states including Austria. Herbert Hoover, who helped Austria after the First World War, came to the help of Austria once more to make new relief efforts in April 1946. The aid was realised through

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[79] Roy Gardner, "The Marshall Plan Fifty Years Later: Three What-Ifs and a When" in Martin Schain (Ed.) (2001) *The Marshall Plan: Fifty Years After* (New York: Palgrave), p. 120

[80] Gerard Bossuat, "The Marshall Plan: History and Legacy" in Eliot Sorel and Pier Carlo Padoan (2008) *The Marshall Plan: Lessons Learned for the 21st Century* (Paris: OECD), p. 14

[81] Wikipedia (2021) "Marshall Plan", https://en.wikipedia.org/wiki/Marshall_Plan, [Accessed on 1 December 2021]

[82] Sieglinde Gstöhl, "Scandinavia and Switzerland: Small, successful and stubborn towards the EU", in Frank Schimmelfenning and Ulrich Sedelmeier (Eds.) (2005) *The Politics of European Union Enlargement: Theoretical Approaches* (London: Routledge), p. 35

the United Nations Relief and Rehabilitation Administration between 1946 and 1947.[83] France and Italy also needed to receive emergency aid through the Marshall aid.[84]

The Marshall Plan which initially began its execution in 1947 played a central role in the prosperous future of Austria. In the following years of the commencement of the European Recovery Program, Austria received 560.8 million US Dollars as grant and that money was allocated to the reconstruction of Austria.[85] A great extent of the sources allocated were materialised in industry and infrastructure related projects.[86]

The economic ascendance of Austria in the 1950s was thanks to the nationalised domestic industries which came into existence through enormous infrastructure projects being boosted by the Marshall Plan.[87]

Based on the assessment report of the Recovery Progress and United States Aid published in February 1949, all of the states funded within the framework of the Marshall Plan had surpassed their production volume of 1938. Austria, Greece and Germany also made remarkable progress in the initial year of the plan.[88]

By the early 1980s Austria had become one of the most prosperous countries in the world.[89] The contribution of the Marshall Aid in this achievement must be mentioned here. Austria joined the

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83 Beller, p. 252

84 Gerard Bossuat, "The Marshall Plan: History and Legacy" in Eliot Sorel and Pier Carlo Padoan (2008) *The Marshall Plan: Lessons Learned for the 21st Century* (Paris: OECD) p. 15

85 Ibid

86 Beller, p. 252

87 Beller, p. 266

88 Hadley Arkes (1972) *Bureaucracy, the Marshall Plan, and the National Interest* (Princeton: Princeton University), p. 238

89 Beller, p. 274

European Union in its fourth enlargement alongside Finland and Sweden in 1995. The newcomers did not need special treatment as they switched from EFTA to the EU.[90]

5.3. Austria and International Organizations

After it had established its Geneva Office on the European continent, the United Nations established the United Nations Office in Vienna as its second European base on 23 August 1979.[91] At that time, the United Nations' Secretary General was the Austrian Kurt Waldheim.[92]

Before the establishment of the UNO City in Vienna in 1979, Vienna had already become host to some international organizations. For instance, OPEC was established in Vienna in 1965.[93]

The weakening of the Soviet Union towards the end of 1980s opened new opportunities for Austria. Democratic credentials of the last leader of the Soviet Union, Mikhail Gorbachov also helped Austria to apply for membership to the European Union on 17 July 1989. This was a historical moment as the dismantling of the territory of the Soviet Empire brought new opportunities with itself which could enable Austria to tear up its restrictive destiny confined by the Soviet Union.[94]

In the interim years between 1989 and 1995, Austria prepared for the eventual membership by privatizing and denationalizing its industry. It also made reforms in conformity with the European *Acquis Communautaire*.[95]

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[90] Fritz Breuss, "The Political Millennium Event: EU Enlargement as an Economic Challenge", in Michael A. Landesmann and Dariusz K. Rosati (Eds.) (2004) *Shaping the New Europe. Economic Policy Challenges of European Union Enlargement* (London: Palgrave), p. 185

[91] UNOV, United Nations Office At Vienna (2021, December), *"History of the Vienna International Centre*", Website, https://www.unov.org/unov/en/vic_history.html (Accessed in December 2021)

[92] See, for a full biography of Kurt Waldheim, Wikipedia (2021, December), Biography of Kurt Waldheim, https://en.wikipedia.org/wiki/Kurt_Waldheim (Accessed in December 2021)

[93] Beller, p. 277

[94] Beller, p. 294

[95] Beller, p. 295

5.4. Austria and the Organization for Economic Co-operation and Development (OECD)

Austria is one of the original members of the OECD and the DAC. So, it tried not to avoid its international responsibilities from the start.

After the establishment of the OECD and the DAC, many innovations took place in the field of international development assistance. Many countries have established systems to organize their aid. While this was sometimes an organization on its own, sometimes it emerged as units affiliated to foreign ministries. The OECD and other international organizations, especially the World Bank and the United Nations Development Programme, also took an active role in this field.

According to the Charter of Economic Rights and Duties of States dated 1st May 1974, "international cooperation for development is the shared goal and common duty of all countries".[96]

In the Third United Nations Development Decade starting on 1 January 1981, the UN General Assembly adopted Resolution 35/56 on 5 December 1980. It was named "International Development Strategy for the Third United Nations Development Decade".[97] Paragraphs 18 and 19 of that Resolution called on developed countries to devise policies that will help the least developed countries and other developing countries to alleviate their pressing problems and lessen their basic economic constraints.

When the old colonial powers began to give international aid, they initially chose their old colonies as their partner countries. As the Commission on Human Rights commenting on the

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[96] UN General Assembly (1974, 1 May), *A/RES/S-6/3201: Declaration on the Establishment of a New International Economic Order* - UN Documents, Gathering a body of global agreements, http://www.un-documents.net/s6r3201.htm (Accessed on 08.08.2022)

[97] UN General Assembly (1980, 5 December), *A/RES/35/56: International Development Strategy for the Third United Nations Development Decade*, https://documents-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/390/75/IMG/NR039075.pdf?OpenElement (Accessed on 08 August 2022)

Right to Development once reiterated, providing development aid was an opportunity to make up for former exploitations.[98] Similarly Austria also had chosen its immediate neighbours in Eastern Europe and in the Balkans. Although Austria did not have overseas colonies, she had conquered her adjacent territories historically and lost them after the First World War. So, when Austria began international development aid activities, she had chosen countries that had historical ties. That is why Western Balkan, Eastern Neighbourhood have been among the top recipients of the Austrian ODA for a very long time even in 2022.[99]

[98] UN Secretary General (1979), E/CN.4/1334: The international dimensions of the right to development as a human right in relation with other human rights based on international co-operation, including the right to peace, taking into account the requirements of the New International Economic Order and the fundamental human needs: Report of the Secretary-General: para. 39(vi) https://digitallibrary.un.org/record/6652 , (Accessed on 08.08.2022)

[99] OECD (2024), "Austria", in *Development Co-operation Profiles*, (Paris: OECD Publishing), https://doi.org/10.1787/bd516a04-en (Accessed on 30.08.2024)

6. THE AID AND PEER REVIEWS OF AUSTRIA

6.1. A Brief Introduction for the Aid and Peer Reviews of Austria

To find out the current state of the Austrian Development Cooperation System, the OECD DAC Aid and Peer Reviews on Austria are very good sources. In this study, we are taking into consideration the last five peer reviews of Austria. However, we have also looked at previous two aid reviews on Austria in 1992/93 and 1996. Initially, the assessment of the members of the DAC was called “aid review”. However later they were renamed as peer reviews.

As mentioned, Austria is one of the original members of the OECD and DAC. Austria joined the DAC in 1965. The two reviews done on Austria in 1993 and 1996 were called aid reviews. Then reviews of the DAC members began to be called peer reviews. So, starting from 1999, the reports have been referred to as peer reviews. The aid and peer reviews done by the DAC on the Austrian development cooperation system in 1993, 1996, 1999, 2004, 2009, 2015 and 2020 are being assessed in this study.

On the basis of the rest of the Chapter, we claim that the aid and peer reviews have improved the Austrian development cooperation system to a greater extent.

6.2. 1992/93 Austria Aid Review

The 1992/93 Austria Aid Review was prepared immediately after the collapse of the Soviet Union and the dissolution of Yugoslavia. That is why Central and Eastern European Countries (CEECs) and the New Independent States (NIS) of the former Soviet Union received enormous amounts of aid from Austria. In fact, Austria was the most generous aid provider to these countries in comparison to its GNP among the DAC Countries.

According to the Aid Review of 1992/93, the major criticism of the Austrian aid cooperation by the DAC had centred on two issues: volume and quality. In response to that criticism, the Austrian authorities increased the volume and quality of their aid. So, Austria’s ODA/GNP ratio reached the DAC average of 0.34 per cent in 1991 for the first time. However, that increase could not be sustained and the next year it slipped away from the DAC average to 0.29 per cent.[100]

During the aid review, the bulk of the aid consisted of three components: concessional official export credits, the imputed students' costs and aid for refugees in Austria. The total three of them made around 50 percent of the Austrian ODA net disbursements. The share of the imputed students' costs was above 10 percent and the share of the aid for refugees in Austria was above 20 percent of the aid volume. Interestingly, the share of development projects and programmes made up less than 10 percent of the total ODA. And they were less than half of the DAC average.[101]

During the aid review period, Austria did not have any delivery mechanism for its aid other than non-governmental organisations (NGOs) and private firms. They were the main responsible organizations for project implementation. Moreover, the technical assistance of Austria amounted only to one-quarter of the DAC average.[102]

Two more criticisms of the DAC on the Austrian aid system were centred on the geographic distribution of Austrian aid and the high number of recipient priority countries with very small amounts received by them. Absence of an operational aid agency also meant very little control on the large part of the ODA. Non-compliance with 20 years old DAC Terms Recommendations was also criticised.[103] That is to say, the total grant element of aid, the aid volume and tying of aid were further problems. Nonetheless, the share of the tied aid declined from 100 per cent to 55 per cent in 1991 in the course of 10 years.

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[100] OECD (1993), *OECD Aid Review 1992/93: Austria OCDE/(93)176*, (Paris: OECD Publishing), p. 5 [Hereafter, *OECD Aid Review 1992/93*]

[101] *OECD Aid Review 1992/93*, p. 5

[102] *OECD Aid Review 1992/93*, p. 5

[103] *OECD Aid Review 1992/93*, p. 6

Understaffing was also criticised in this period. Mobilisation of public and parliamentary support for the Austrian aid efforts were also not realised by the NGOs. The Advisory Board on Development Cooperation was also not very successful in this regard.[104]

6.2.1. Main Development Cooperation Issues during 1992/93 Aid Review

6.2.1.1. Volume and Composition of the Aid

As mentioned above the volume and composition of the Austrian Aid was a concern for the DAC for a long time. The rate of the ODA/GNP varied from one year to another. Aware of this problem, the Austrian Parliament called for the Austrian administration to make plans for the attainment of the DAC ODA/GNP performance and quality average before 1993. That desire was repeated by the Austrian Government in 1990. And in fact, it was attained a year later in 1991. However, it declined again a year later to 0.29 per cent in 1992.[105]

The first highest ever percentage of ODA/GNP with 0.38 percent was attained in 1985. That was achieved due to the high volume of concessional official export credits which represented almost 50 per cent of the reported ODA.[106]

Concessional official export credits, imputed students' costs and aid for refugees have long been assessed by the DAC as not having development as their primary targets. They were considered as lowering the quality of the aid if they constituted the bulk of the aid.[107] Unfortunately, half of the Austrian aid consisted of these three elements during the review time.

The coalition protocol of the 1990 Austrian Government stressed that "*With a view to come closer to the international target of 0.7 per cent of GNP the Federal Government intends to reach the OECD average in the medium-term. The quality of the aid and its implementation need*

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[104] *OECD Aid Review 1992/93*, p. 7

[105] *OECD Aid Review 1992/93*, p. 8

[106] *OECD Aid Review 1992/93*, p. 11

[107] William Hynes and Simon Scott (2013), "The Evolution of Official Development Assistance: Achievements, Criticisms and a Way Forward", *OECD Development Co-operation Working Papers*, No. 12, (Paris: OECD Publishing), p. 9 http://dx.doi.org/10.1787/5k3v1dv3f024-en [Hereafter *Hynes and Scott (2013)*]

to be improved in line with OECD/DAC recommendations."[108] However, no exact time was set for the attainment of that goal.

6.2.1.2. Geographic and Sectoral Distribution of the Aid

At the time of the Review, over 100 countries were the recipients of Austrian aid. Given the limited amount of the aid, that was considered against the impact and efficiency of Austrian aid. Even though the Austrian Government recognised this problem, there was not much improvement. Even though some priority sectors were chosen to concentrate on, the situation was not changed.[109]

The imputed students' costs were one of the reasons for this enormous geographic distribution. Under the 1972 Law, students from developing countries were exempted from paying tuition fees. As the imputed students' costs were considered by the DAC as ODA, that increased the number of recipient countries which received Austrian aid. Since the imputed students' costs were considered as tied aid, that naturally lowered the quality of the Austrian aid.

Another reason that led to the increase in tied aid was the expenditures spent for refugees. It reached almost one-quarter of ODA disbursements in 1992. The refugees were from 55 different countries in 1991. That also increased the geographic distribution and the recipient countries of the ODA.[110]

The share of the Least Developed Countries (LDCs) and LLDCs were not as high as the DAC average in the Austrian ODA. So, Austria declared to increase that amount. Therefore, Austria chose certain regions and countries as priority countries. There were 11 countries from Africa that were chosen as priority countries out of 19 priority countries. Nine of them were least

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[108] *OECD Aid Review 1992/93*, p. 14

[109] *OECD Aid Review 1992/93*, p. 9

[110] *OECD Aid Review 1992/93*, p. 20

developed countries. The State Secretary responsible for Development Co-operation stated at that time that they wanted to decrease the number of the priority countries below ten.[111]

6.2.1.3. Aid Management and Administration

During the review time, many Austrian ministries were involved in the official development aid of Austria. For instance, the Ministry of Finance was responsible for 44 percent of the aid in 1991.

The Advisory Board on Development Co-operation established in 1974 was not very actively involved in the co-ordination of Austria's development assistance ever since its establishment. The board was meant to advise the Federal Chancellor, but this did not happen.[112] Absence of a delivery mechanism for the Austrian development cooperation had been a continuing issue in the previous reviews as well as in the 92/93 Aid Review. There was a department called the Department for Development Co-operation under the Ministry of Foreign Affairs, but it was both understaffed and the staff was not very experienced. So, the establishment of an agency for international development aid delivery was one of the suggestions of the review.

6.2.2. In Conclusion

The 1992/93 Austria Aid Review was prepared just before Austria joined the European Union as a member in 1995. That is why it reflects that term's general understanding.

As the debate in the Austrian Parliament in October 1992 showed, the DAC criticisms were taken into account by some Austrian politicians and they called for the improvement of the composition of the aid programme of Austria.[113] Austrian authorities also wanted to improve the quality of the Austrian aid by taking into account the earlier recommendations of the DAC at

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[111] *OECD Aid Review 1992/93*, p. 25

[112] *OECD Aid Review 1992/93*, p. 30

[113] *OECD Aid Review 1992/93*, p. 13

previous aid reviews.[114] Moreover a country programming division had been established in the Austrian aid administration in 1989.[115]

Environmental protection, women in development (WID), democracy and human rights were basic principles and criteria announced for Austrian development assistance. However, their implementation was not considered high on the agenda during the review period.[116]

Media coverage and attention to development aid was not very high at the time of the review either. Parliamentary interest in the issue was not very high too. That is why the Austrian Parliament rejected calls to increase the report interval of Austria's aid programme to under three years.[117]

The aid administration of Austria was transferred to the Federal Chancellery during the review. That negatively affected the staffing of the administration and its experience.

6.3 1996 Austria Aid Review

The DAC conducted its second review on Austria after 1993 in 1996. For having more consistent and effective aid, the Austrian aid administration began to follow the advice of the 1993 DAC aid review and made some changes. First of all, the number of priority countries was reduced. Secondly sector and country programming were started. Some local/regional aid co-ordinators were determined. Finally, new rules were adopted regarding the cooperation with NGOs.

A very important change, that is, a game changer happened in this period and Austria became one of the new members of the European Union on 1st January 1995. This had lasting effects on Austria's foreign aid. In particular, there was an increase in the rates of multilateral aid. Moreover, the membership would greatly affect the size, composition and co-ordination of

[114] *OECD Aid Review 1992/93*, p. 19

[115] *OECD Aid Review 1992/93*, p. 21

[116] *OECD Aid Review 1992/93*, p. 35

[117] *OECD Aid Review 1992/93*, p. 39

international aid. Expectations for positive results in country programming, policy dialogue, aid coordination and evaluation increased also due to EU membership.

During this period, the Department of Development Cooperation (DDC), established under the Ministry of Foreign Affairs, was responsible for development aid. The DDC had previously started working under the Federal Chancellery (Prime Minister's Office). However, it was retransferred for a third time to the Ministry of Foreign Affairs again in January 1995.[118] However, in this period, as in the past, this department was responsible for only a fraction of the Austrian ODA, namely, less than 15 percent of the aid, not all of it. The Austrian ODA was again divided among various ministries and the need for improved coordination between different ministries remained high. The Three-Year Program was only binding for the DDC not for other ministries.

The Austrian Parliament's indifference to aid issues continued during this period. The Three-Year Programme, which was supposed to be submitted to the Parliament every three years, was never discussed in the Parliament during this period. Political and public interest in development aid issues remained low again.

As a result of the efforts of the Austrian authorities, Austria's ODA exceeded the DAC average with 0.33 per cent in 1994. That was achieved partly due to the decrease realised at the DAC members' ODA average that year. The DAC average had dropped to 0.30 per cent. That also helped the success of Austria in this area. However, even this rate was lower than the average of the EU member countries at that time. Austria continued to provide high amounts of aid to CEECs and NIS during this period. The aid average to these countries was again higher than the average of the OECD/DAC countries.

The three items mentioned in previous sections that led to the high tied aid continued to account for the half of the aid in 1994 too. Moreover, the lowness of the development considerations regarding these three items remained as a criticism as well.

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[118] OECD DAC (1996), *Development Co-operation Review Series: Austria 1996, No. 15*, (Paris: OECD Publishing), p. 12 [Hereafter, *OECD DAC Austria Review* (1996)]

With Austria's accession to the EU in 1995, there was an increase in the total amount of aid. This increase was in the field of multilateral aid. However, this had a negative impact on the bilateral aid of the DDC, causing it to decrease slightly.

Following the DAC recommendations, the number of priority countries was reduced from 19 to 8. Other countries previously designated as priority countries began to be called as ‘co-operation countries.’ In addition, the sectors where Austria had relative strength were determined as co-operation sectors.[119]

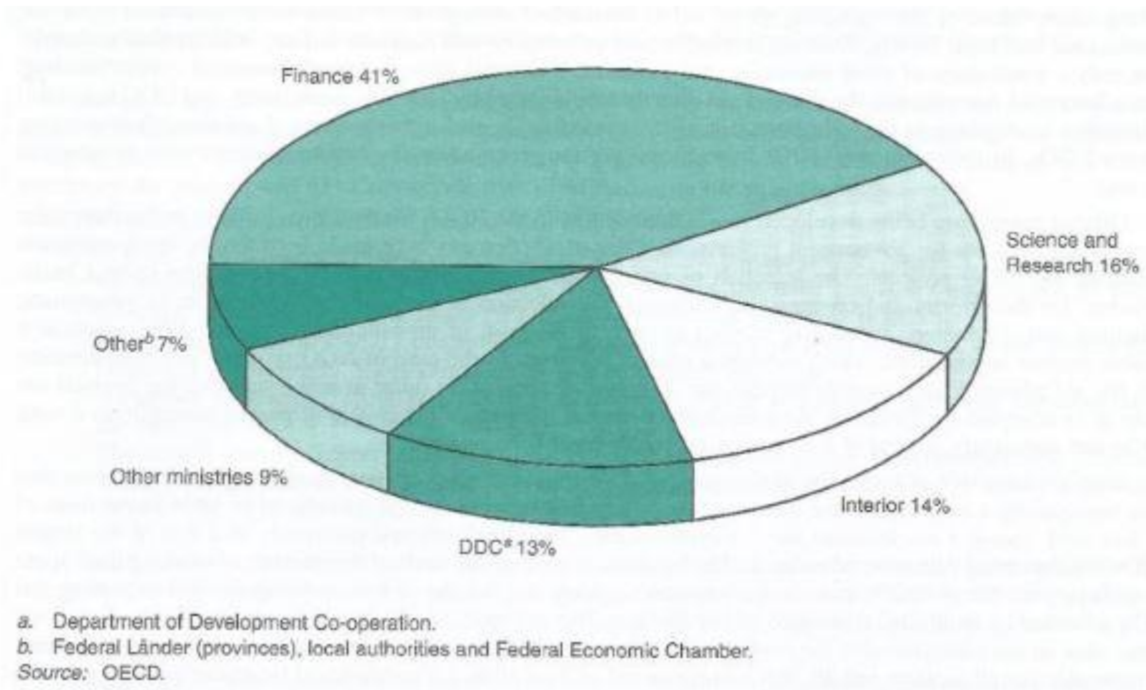
During this period, the DDC began to advise Austrian NGOs which engaged with development co-operation abroad to do projects in Austria’s priority countries and sectors. So, in a sense, the DDC started to impose its own sector and country programming on the NGOs. During this period, DDC increased its concentration on issues of environment and gender.

The first country program was completed in 1993 for Cape Verde.[120] However, no development co-operation strategy was available for all aid activities.[121]

[119] *OECD DAC Austria Review* (1996), p. 7

[120] *OECD DAC Austria Review* (1996), p. 15

[121] *OECD DAC Austria Review* (1996), p. 11



Graphic 1: The Share of individual Ministries in Austrian ODA 1993-94 average[122]

Lack of an implementing agency meant for Austria that the DDC had to use 74 implementing agencies for its activities in 1994.[123] That staggering figure must be one of the incentives to have an implementing agency in later years. During the review time, local NGOs were used for the implementation of the projects as well. For instance, 10 local NGOs were involved in Nicaragua in the implementation of the Austrian Development Cooperation projects.

The Advisory Board on Development Cooperation which was established in 1974 and consisted of some 50 members from Parliament, NGOs, industry and trade unions could not function well in this period either.[124] In response to criticism of inaction for the Board, the Austrian authorities established another body chaired by the Director-General of the DDC in 1992. It was called

[122] *OECD DAC Austria Review* (1996), p. 13

[123] *OECD DAC Austria Review* (1996), p. 13

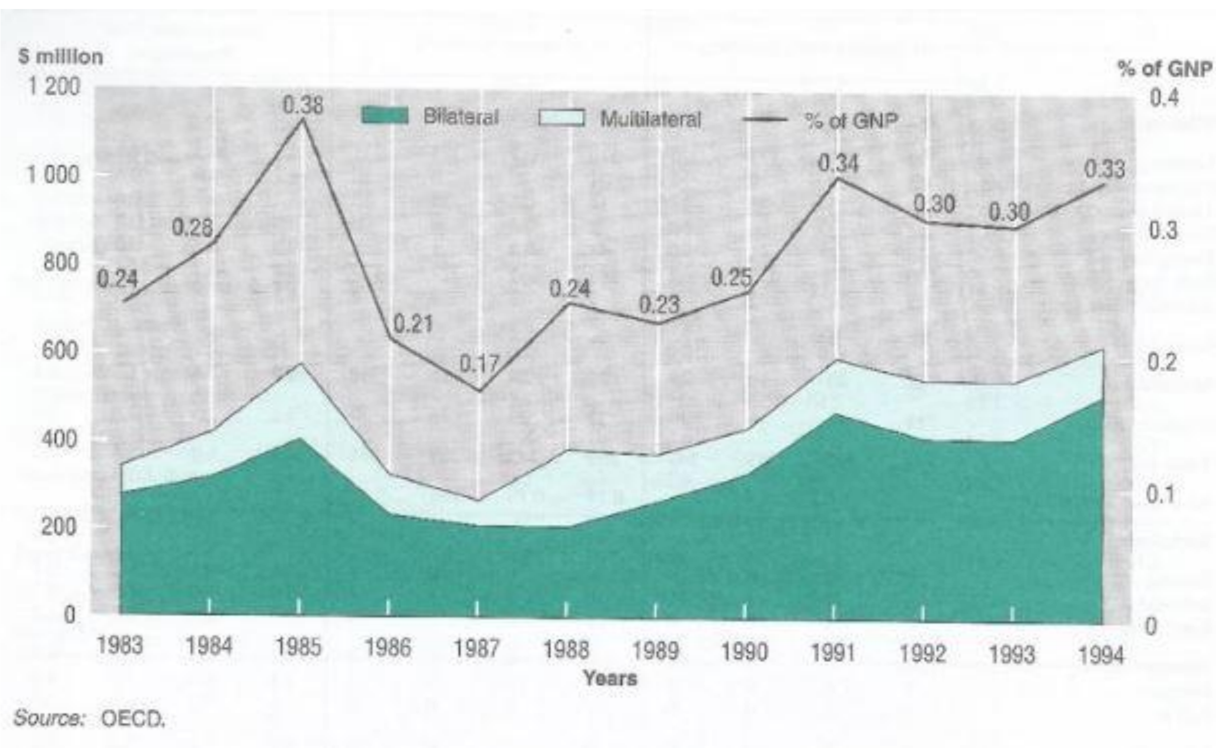
[124] *OECD DAC Austria Review* (1996), p. 14

Interministerial Committee for the Co-ordination of Aid. That body could not function well either.

6.3.1. ODA Volume and Composition of the Aid

The ODA volume of Austria reached its zenith with 655 million USD in 1994. It was equal to 0.33 per cent of the Austrian GNP. It exceeded the DAC average ODA/GNP ratio for a third time in the history of Austria. The first time Austria raised above the average was in 1981 with 0.33 and the second time was in 1985 with 0.38 per cent. On the other hand, the DAC average ODA/GNP declined to 0.29 per cent in 1994. A substantial rise in concessional export credits and aid for refugees in Austria also helped to reach that amount.[125]

In the review time, Austria helped the countries in transition in Central and Eastern Europe to a market economy more than any other DAC members in terms of ODA percentage and volume.



[125] *OECD DAC Austria Review* (1996), p. 19

Graphic 2: Austria's net ODA disbursements between 1983-94 at constant 1993 prices and as a share of GNP[126]

As this graphic shows Austria's ODA fluctuated over time. Even though Austria put the target of reaching 0.7 per cent of the GNP, it did not set any timetable for reaching it during the review time.

6.3.2. Composition of the ODA

As in previous times, expenditures for refugees, imputed students' costs and concessional official export credits constituted the bulk of the Austrian ODA during the review time. They constituted almost half of it. Moreover, the reporting of these three items were found a little bit out of line by the DAC.[127]

Although aid for refugees was initially not very high until 1987, due to the war in ex-Yugoslavia, the aid for refugees increased again to one quarter of all ODA in 1992. Since the refugees came from around 50 different countries in the review period, that increased the number of the recipient countries too. Moreover, there were some irregularities in the calculation of the aid for refugees as they were reported even after the initial year.

Regarding the concessional official export credits, there was an agreement on rules for tied aid credits in Helsinki in 1992. The main objective of these credits needed to be the promotion of economic development of the recipient country.[128] That is why only the projects meeting that criteria were accepted as eligible by the DDC. Moreover, the DDC stipulated that the grant element needed to be above 40 per cent to accept them as ODA.

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[126] *OECD DAC Austria Review* (1996), p. 21

[127] *OECD DAC Austria Review* (1996), p. 23

[128] *OECD DAC Austria Review* (1996), p. 25

Concessional official export credits decreased in the review period from being the largest component of the ODA. Moreover, the DDC was tasked to control whether the credits were for developmental effects.

About 10 percent of the Austrian ODA was spent for educational purposes under the banner of imputed students' costs. This ratio was very high in comparison to other DAC members. The issues of calculation and reporting were also present in the imputed students' costs item.[129] Austria was calculating the student costs by dividing the running costs of Austrian universities and higher education establishments by the number of students. Then the unit value was multiplied by the number of students coming from developing countries. Although the DAC accepted this calculation in 1984, there had been some doubts about the accuracy of the method.[130] Moreover, since there were many students coming from middle income countries instead of least developed or low-income countries, the poverty reduction function of ODA was not very strong. In addition, the variety of the countries also had a negative impact on the geographic distribution and the quality of the Austrian ODA as the percentage of students on scholarship was around 10 per cent only. Attempts to reform the imputed students' cost scheme were not very successful in this period.

One positive development in this period was the increase in the bilateral grants for development projects and programmes to around 15 percent of the ODA.

The share of multilateral aid declined slightly in this period. However, with the EU membership, things were going to change for multilateral aid. There was no coordination for the multilateral aid in this term other than some contacts of the DDC with the Finance Ministry.[131]

Five key regions were selected for concentration of aid. That is, Central America, Sahel Region, East Africa, Southern Africa and Himalayas were to be given priority. In these regions, smaller

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[129] *OECD DAC Austria Review* (1996), p. 26

[130] *OECD DAC Austria Review* (1996), p. 25

[131] *OECD DAC Austria Review* (1996), p. 28

countries were chosen in order to have a big impact. Despite choosing some countries as priority countries, none of them had become the main recipients of the Austrian Aid in the review period. The reason for this was the composition of the Austrian aid. That is, the presence of three big components and a relatively small share of the DDC aid implementation. The share of the least developed countries in the Austrian ODA was about half of the DAC average. In terms of sectoral distribution, the Austrian ODA continued to be very widespread in terms of sectoral distribution.[132]

However, in the sectors of education and manufacturing, the Austrian aid was above the DAC average. Agriculture occupied less than three per cent of the ODA of Austria.[133]

One of the aims of the Austrian ODA projects was to be environmentally sustainable. So, the projects' environmental sustainability had become an issue in the Three-Year Development Co-operation Programme.[134] Austria also supported global efforts on the environment and became one of the biggest contributors to the Global Environment Facility (GEF).

The other aim was gender equality. It was seen as a key in achieving sustainable people-centred development. It became a priority issue to be looked at when deciding on the support for projects. That is to say, it was one of the cross-cutting issues. The Division of Co-ordination and Information was responsible for these cross-cutting issues at the DDC.

The other cross-cutting issues for Austria were the support for democracy, human rights and good governance. These issues were new issues for the review period.

Poverty alleviation was one of the objectives of Austrian aid policies. That is to say, before the invention of Millennium Development Goals or the Sustainable Development Goals which

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[132] *OECD DAC Austria Review* (1996), p. 29

[133] *OECD DAC Austria Review* (1996), p. 33

[134] *OECD DAC Austria Review* (1996), p. 37

include poverty alleviation, Austria had already chosen poverty alleviation as one of its goals for development cooperation. However, it was only limited to the DDC administered aid.[135]

6.3.3. Aid Management and Administration

The official implementing agency was not established in that review period. That is why NGOs were the main players in the implementation of the Austrian ODA. These NGOs had very limited resources of their own. That is to say, co-financing was very limited. Moreover, their focus was very widespread. So, the DDC asked the NGOs to bring projects more in line with its sector and country programming.

With the involvement of the EU, 15 percent of project co-financing had become a rule. That further made the work of the NGOs difficult.[136]

6.3.4. Field Visit to Nicaragua as A Case Study of Austria's ODA

In aid or peer reviews, one or two countries have been selected to check how the aid policies were implemented on the ground. In this Peer Review, Nicaragua was the case study. So, the review team had visited Austria's regional aid office in Nicaragua in 1996. They also met local NGOs and visited several projects supported by Austria.

The relations between Austria and Nicaragua were formalised with the signing of a technical co-operation agreement in 1986. Then, Nicaragua became one of the priority countries on the priority list of Austria as it had widespread poverty with a declining GDP per capita, that is, around 330 USD in 1993.[137] Austria was the 10th largest donor in Nicaragua in 1993 and 1994.

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[135] *OECD DAC Austria Review* (1996), p. 40

[136] *OECD DAC Austria Review* (1996), p. 35

[137] *OECD DAC Austria Review* (1996), p. 44

During the aid review time, a country programme started to be prepared for Nicaragua and was expected to be ready before the end of 1996.[138]

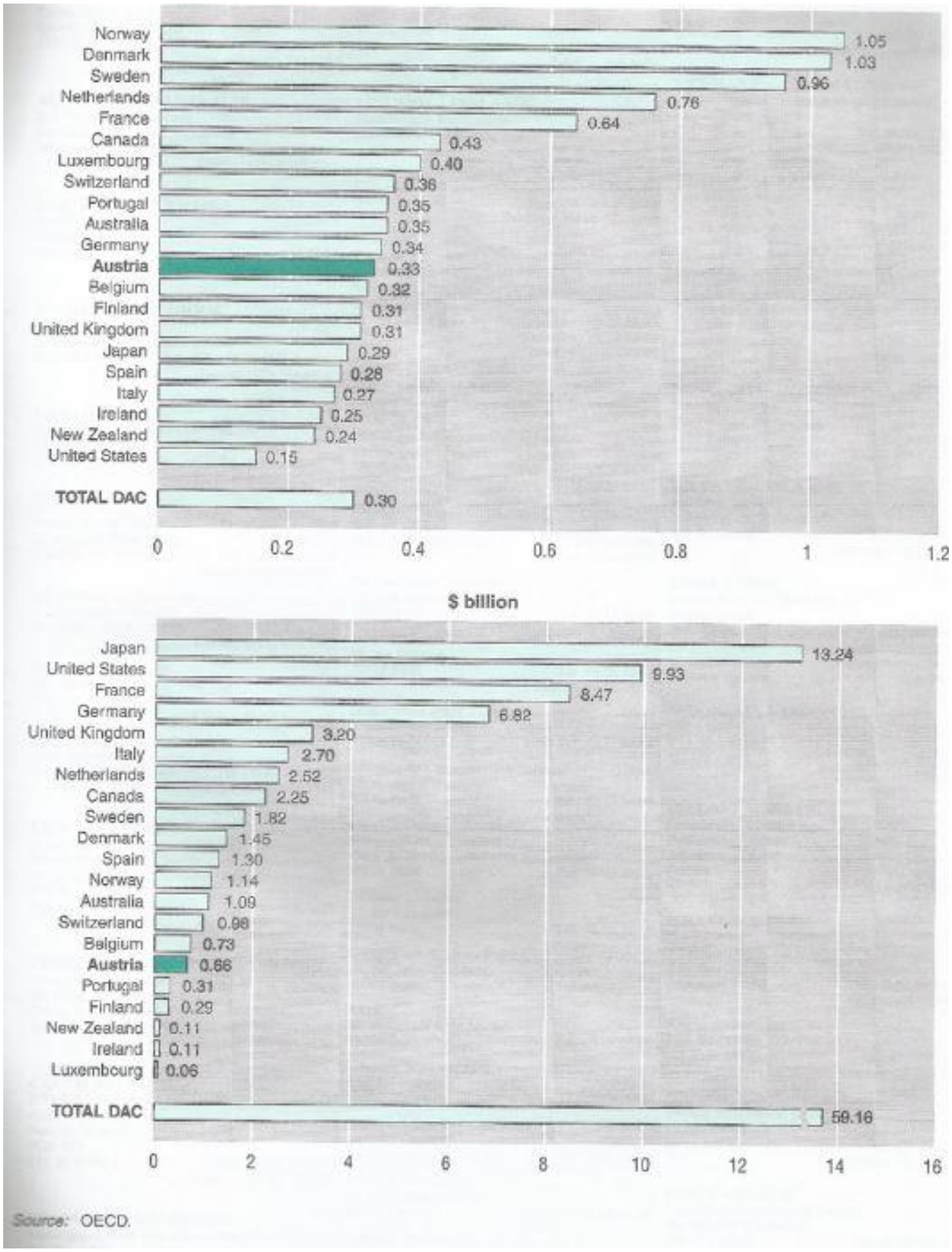
6.3.5. In Conclusion

Austrian aid continued to be tied between 1993 and 1996 due to high volumes of concessional export credits, imputed students' costs and aid for refugees.

The lack of an implementing agency continued to create many problems. That is why the DAC continued to suggest Austria to establish one.

Austrian net ODA ratio was above the DAC average of 0.30 ODA/GNP ratio. (See the graphic below. However, it turned out that this was not sustainable.

[138] *OECD DAC Austria Review* (1996), p. 44



Graphic 3: Net ODA from DAC Countries in 1994 as percent of GNP[139]

[139] OECD DAC Austria Review (1996), p. 51

6.4 1999 Austria Peer Review

The 1999 Austria Development Co-operation Review constitutes our third in-depth review on the Austrian official development Assistance. When the peer review in our assessment was done in 1999 on Austrian Development Cooperation, Austria did not have a development cooperation law other than the old law enacted in 1972, or a development cooperation agency like Austrian Development Agency (ADA). At that time, peer reviews were done by the OECD DAC once every three years and some six programmes were examined annually.[140] This period was extended in the later years.

Therefore, the peer reviews in our series were very important for the future development of Austrian development cooperation. The External Examiners of the 1999 Peer Review were from Belgium and Denmark.[141]

During the review time, the Department for Development Co-operation (DDC) within the Ministry for Foreign Affairs (MOFA) was the main body responsible for development cooperation in Austria. With ODA of 456 million USD, Austria ranked 16th among the 21 DAC Members. Austria's ODA/GNI ratio was 0.22 percent which was slightly lower than the DAC average of 0.24 percent during this peer review period in 1998.[142]

During this period, effective coordination mechanisms were not present among different players in Austria's aid programmes. Different ministries, provincial and local government authorities were responsible for aid efforts with little coordination among themselves. That is, little information was shared between themselves. As a result, consistency was not ensured. The MOFA did not have a leadership role or a mandate for all the aid activities of Austria. That is

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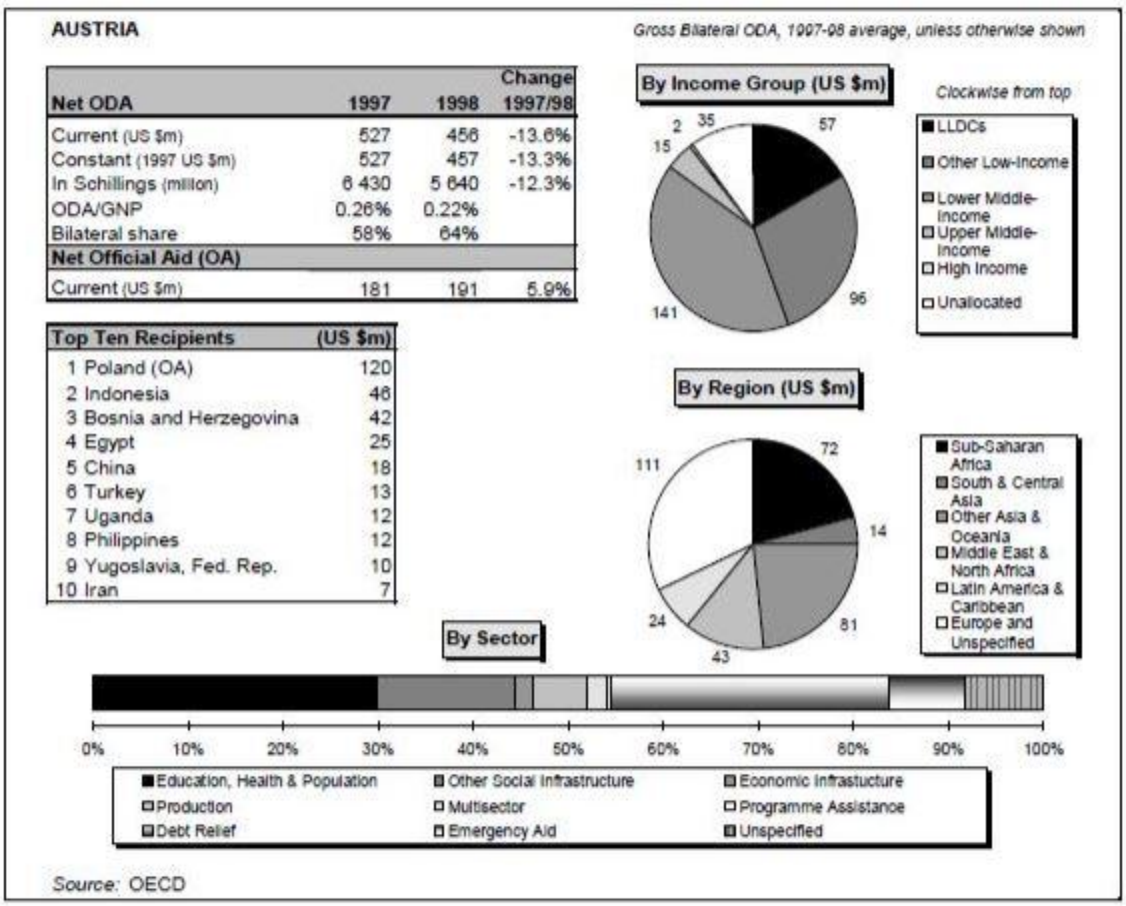
[140] OECD (1999), *OECD Development Co-operation Peer Reviews: Austria 1999*, (Paris: OECD Publishing), https://doi.org/10.1787/03b626d5-en , p. I-3 [Hereafter, *OECD DAC Peer Review of Austria 1999*]

[141] *OECD DAC Peer Review of Austria 1999*, p. I-3

[142] *OECD DAC Peer Review of Austria 1999*, p. I-9

why one of the pieces of advice given to Austria was to strengthen the effective coordination mechanism between different players in Austria in 1999 peer review.

Spending financial resources without a primary development objective was continued to be criticised for concessional export credits, assistance to refugees in Austria and imputed students' costs in the peer review. However, the combined share of these three items decreased from 55 per cent in 1994 to 18 per cent during the review time.[143]



Graphic 4: Austria's Aid Programme at a glance during 1999 Peer Review[144]

[143] *OECD DAC Peer Review of Austria 1999*, p. I-9

[144] *OECD DAC Peer Review of Austria 1999*, p. I-6

During the peer review period of 1999, 25 percent of Austria's bilateral ODA was directed to the Central and Eastern European Countries (CEEC's). The main aim of the ODA was to prepare them for membership of the EU. The second aim of the aid was to help efforts to build a pluralistic democracy and a sustainable market economy.

6.4.1. Issues Raised in the 1999 Peer Reviews

6.4.1.1. Concessional Export Credits

During the peer review period of 1999, there was a problem with the reporting of concessional export credits. As long as a grant or a concessional credit did not have a developmental aid, it should not have been reported as ODA. However, the Austrian aid reporting system was unable to separate concessional and non-concessional aid. Due to that, Austria's ODA outflow was overstated. That is why Austria was called to correct this situation by the DAC.[145]

No monitoring and evaluation system was established for assuring that the credits were used for developmental aims. The DDC staff in the field or other Austrian officials did not have a role regarding this issue.[146]

6.4.1.2. ODA Volume and 0.7 Threshold

During the course of the peer review years, Austrian total ODA remained around half a billion US dollar. In 1998, Austria ranked 16th among the 21 DAC members with an ODA of 456 million USD. Austria's ODA/GNI ratio was 0.22 percent which was slightly lower than the DAC average of 0.24 per cent in that particular year. However, it was 0.26 percent during the previous year of 1997. By taking these figures into account, the DAC asked Austria to increase its ODA commensurate with its economic performance and capacity.

Austria's multilateral contributions increased after its EU membership in 1995.

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[145] *OECD DAC Peer Review of Austria 1999*, p. I-10

[146] *OECD DAC Peer Review of Austria 1999*, p. I-18

Lower middle-income countries received most of the ODA of Austria. Their share was 45 percent of the gross bilateral ODA disbursement.[147]

6.4.1.3. Imputed Students' Costs

During the peer review period of 1999, imputed student costs constituted around 9 to 10 percent of Austria's bilateral ODA. The Ministry of Science and Research was responsible for handling the issue. The imputed student costs were eligible for being counted as ODA if they were deliberately targeted for development cooperation in mind according to the DAC Statistical Directives. However, according to the Austrian law, as long as students were from a developing country, they did not need to pay any tuition fees for any subjects studied without consideration as to whether this helped development in their respective countries. That is why the DAC recommended Austria to consider this issue further in the future.[148]

6.4.1.4. Assistance to Refugees in Austria

According to the DAC Statistical Reporting Directives,[149] assistance to refugees could be considered as ODA only for the first year of their stay. However, Austria was unable to differentiate activities according to years. That is why it reported all assistance to refugees as ODA without consideration to the time they were provided. That was also unacceptable for the DAC. So, Austria was asked to rectify that situation in line with DAC reporting requirements and practices.

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[147] *OECD DAC Peer Review of Austria 1999*, p. I-35

[148] *OECD DAC Peer Review of Austria 1999*, p. I-19

[149] See for the latest versions of the DAC Statistical Reporting Directives, DAC Working Party on Development Finance Statistics (12.04.2023), *Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire*, STAT(2023)9/FINAL DCD/DAC/STAT(2023)9/FINAL, p. 29 https://one.oecd.org/document/DCD/DAC/STAT(2023)9/FINAL/en/pdf

The Ministry of Home Affairs was the responsible ministry regarding the assistance to refugees in Austria. The Länder (provinces) and local authorities also implemented refugee programmes using ODA in their localities.[150]

6.4.1.5. Bilateral and Multilateral Aid

During the peer review period, multilateral cooperation aid was on the increase. The biggest share was going to the European Community budget such as the European Development Fund (EDF).

Central and Eastern European Countries (CEECs) and Newly Independent States (NIS) played important roles in Austria's aid programme during the peer review term. The amount of bilateral ODA towards these countries was among the highest of the DAC member states, namely 25 percent in 1998 while the DAC average was only 4 percent.[151]

Country	1996	1997	1998
	0.1	0.1	0.1
Bosnia-Herzegovina	96.8	44.9	38.5
Croatia	6.1	6.9	5.1
Ex-Yugoslavia, Unspecified	9.1	-	-
Georgia	0.3	0.3	0.4
Kazakstan	0.0	0.2	1.0
Kyrgyz Republic	0.3	0.2	0.5
Macedonia (former Yugoslav Republic)	0.2	0.2	1.3
Moldova	0.1	0.0	0.0
Slovenia	5.4	0.2	3.7
Tajikistan	0.1	0.2	0.3
Yugoslavia, Federal Republic	0.0	7.4	13.4
Total	**121.7**	**67.9**	**68.9**

Source: OECD.

Table 1: ODA to CEECs/NIS and other transitional Countries, 1996-1998[152]

[150] *OECD DAC Peer Review of Austria 1999*, p. I-11

[151] *OECD DAC Peer Review of Austria 1999*, p. I-21

[152] *OECD DAC Peer Review of Austria 1999*, p. I-22

The DDC's bilateral programme and project assistance was guided by the Three-Year Programme strategy paper. Six fundamental principles were constituting the basis of the strategy paper; fighting poverty, supporting democracy, equal participation of women in the development process, preservation of the natural environment, enhancing the social development of the economy and having partnerships.[153] However, the Three-Year Programme was not an obligatory regulation for other ministries other than the MOFA.

The Austrian aid was by and large tied and untying of aid was considered an unwanted policy by the Austrian government.[154] During the peer review, Bhutan was taken as a case study by the OECD DAC peer review team. Aid to Bhutan was 70 percent tied to Austrian firms.[155]

6.4.1.6. Concerns About the Focus of the Aid

After the review, the DAC asked the DDC to take poverty reduction to its focus, to reduce the number of countries it operates, to increase country and sector strategies. It also urged the DDC to increase its evaluations and to reform its staff hiring procedures and human resources management.[156]

In comparison to its small budget, the DDC had 19 priority and co-operation countries. That was a high number for that small budget.

6.4.1.7. Concerns About the Dispersion of the Aid Responsibilities

As in many other countries, the DAC peer review team found out that a number of ministries, provincial and local government authorities were involved in Austria's aid administration.[157] Due to this dispersion, it was also difficult to assess the developmental impact of the aid activities of actors other than the DDC. There were also concerns about overall effectiveness of the aid.

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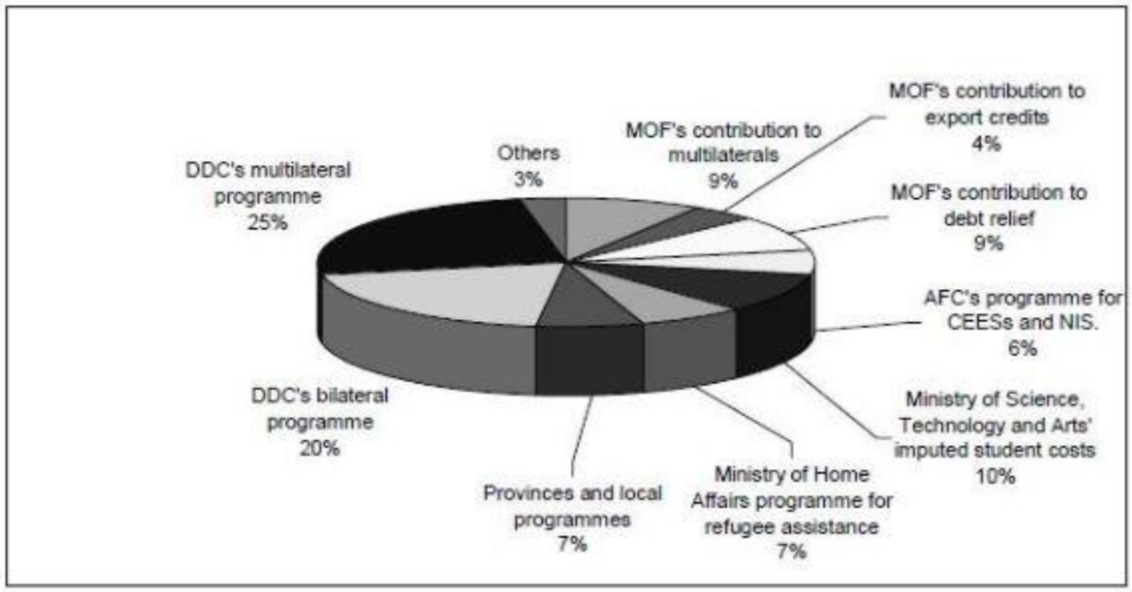
[153] *OECD DAC Peer Review of Austria 1999*, p. I-25

[154] *OECD DAC Peer Review of Austria 1999*, p. I-37

[155] *OECD DAC Peer Review of Austria 1999*, p. I-44

[156] *OECD DAC Peer Review of Austria 1999*, p. I-20

[157] *OECD DAC Peer Review of Austria 1999*, p. I-13



Source: OECD.

Graphic 5: Distribution of Austrian ODA, 1998[158]

6.4.1.8. Concerns About the Aid Coordination and Staffing

The coordination mechanisms in the Austrian aid programme were weak. Information sharing between different actors was *ad hoc*, that is, not based on a regulated norm. The Ministry of Foreign Affairs had a rather limited role.

Staffing in the DDC was a concern over the years. Employing consultants and outsourcing some activity areas to NGOs were seen as a panacea to the shortage of staff. However, it also caused concern as these actions led to the loss of institutional memory and lack of continuity.[159]

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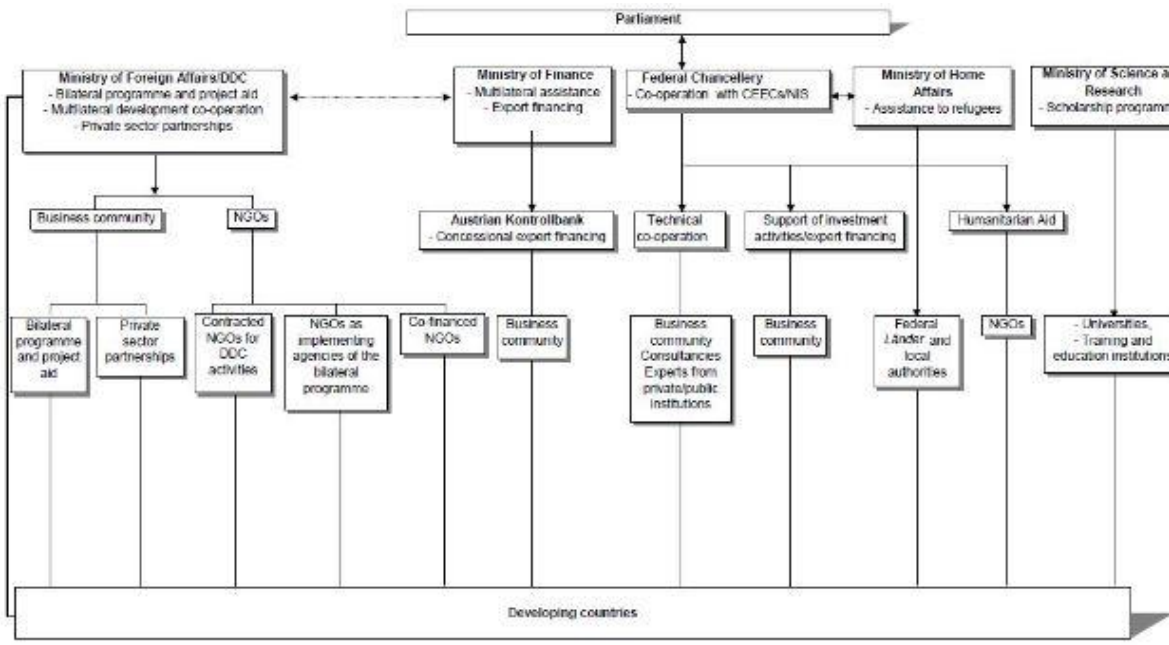
[158] *OECD DAC Peer Review of Austria 1999*, p. I-14

[159] *OECD DAC Peer Review of Austria 1999*, p. I-27



Source: OECD.

Chart 1: The Austrian aid system during the 1999 Peer Review[160]

6.4.2. Field Visit to Bhutan as A Case Study of Austria's ODA

The country selected as a case study for Austria's aid performance during this peer review was Bhutan. Bhutan with its low-level per capita income, was a small, land-locked country between India and China. Austria had chosen Bhutan as one of its priority countries.[161]

As of 2022, Bhutan had a population of 727.145 and 38.394 square kilometres of land. Per capita nominal income per annum was 3.500 US Dollars.[162]

Due to its size and its traditional stance, only a handful of countries were involved with Bhutan as donors. Japan, Denmark, Switzerland, Netherlands, and Austria were the main providers of

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[160] *OECD DAC Peer Review of Austria 1999*, p. I-16

[161] *OECD DAC Peer Review of Austria 1999*, p. I-40

[162] Wikipedia (2023), "*Bhutan*", https://en.wikipedia.org/wiki/Bhutan (Accessed in December 2023)

aid from the DAC countries. Interestingly, Bhutan was one of the highest per capita aid recipients in the world. That is, more than half of its national budget was provided by foreign countries.[163]

Austria established an office called the Austrian Co-ordination Bureau (ACB) in 1994 with a co-ordinator responsible for running the office.

Areas of cooperation with Bhutan agreed upon were energy (hydroelectric power), tourism, renewal of natural resources and preservation of cultural heritage.[164] Austria also agreed to provide 3 million USD per year between 1997-1999.

The DAC Peer Review Team identified some problematic issues in Austria's involvement in Bhutan such as the lack of a comprehensive country assistance strategy or a long-term plan.[165] Moreover the lack of guidelines for hiring experts, clear procurement procedures and the possibility of losing experienced staff were raised.[166]

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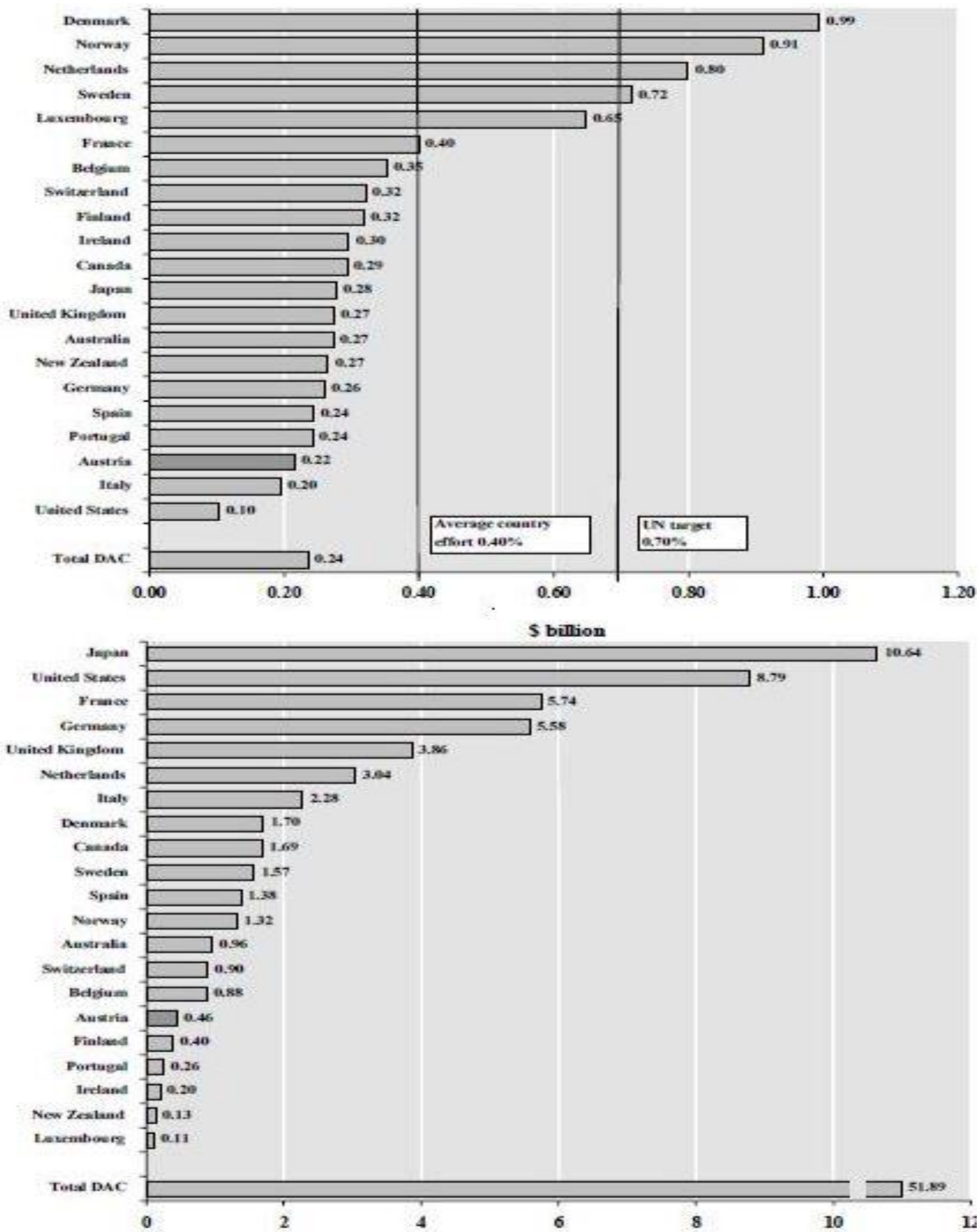
[163] *OECD DAC Peer Review of Austria 1999*, p. I-40

[164] *OECD DAC Peer Review of Austria 1999*, p. I-42

[165] *OECD DAC Peer Review of Austria 1999*, p. I-44

[166] *OECD DAC Peer Review of Austria 1999*, p. I-46



Source: OECD.

Graphic 6: Net ODA from DAC countries in 1998 (Percent of GNP)[167]

[167] *OECD DAC Peer Review of Austria 1999*, p. I-58

6.4.3. The 1999 Peer Review Conclusion

The DDC's concentration of project activities and budgets in the partner countries had reached to the highest ever volumes during the term of 1999 Peer Review. The DDC of Austria focussed on cross-cutting issues, developed aid management tools and clarified its relationship with NGOs. The only drawback was that its share in the ODA was still small, that is, 20 percent of total ODA budget in 1998.[168]

The DDC also began to develop country strategies for its 19 partner countries during the review time. Field personnel, independent consultants and people from partner countries were involved in the making of country strategies. In addition, the sector strategies on water, SMME and transport were completed.[169]

The cross-cutting issues for Austrian Aid were poverty, gender equality, environment, democracy and human rights.

The traditional role of the NGOs began to change in the review time. The DDC's new policy frameworks, aid objectives and field presence changed their relations. Co-financing schemes were introduced in varying percentages depending upon the type of projects. The DDC's budget reserved for NGOs declined from 45 per cent in 1994 to 36 per cent in 1997.[170]

6.5. 2004 Austria Peer Review

The 2004 peer review on Austrian Aid was carried out next after the 1999 peer review. At that time, the peer review period was extended to once every four years. The 2004 Peer Review was prepared with the examiners from Finland and Germany and presented on 27

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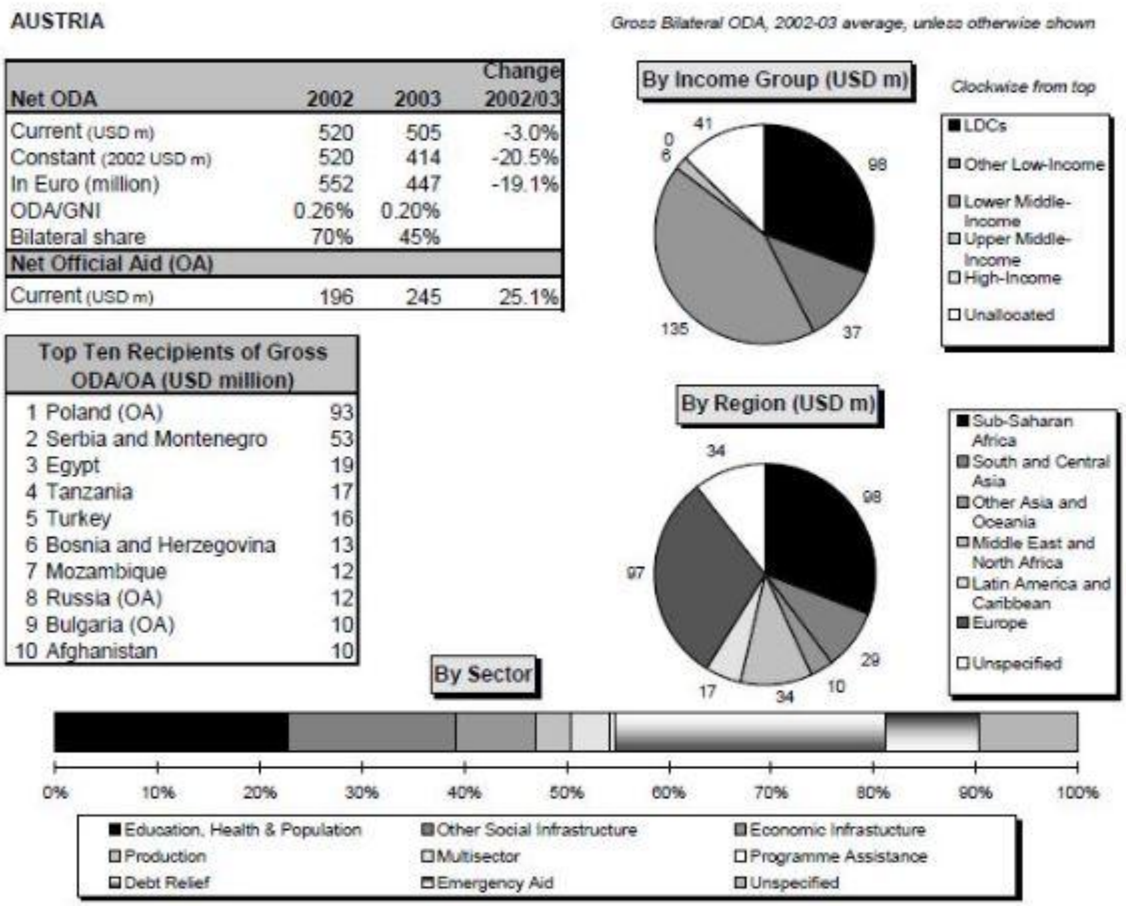
[168] *OECD DAC Peer Review of Austria 1999*, p. I-25

[169] *OECD DAC Peer Review of Austria 1999*, p. I-27

[170] *OECD DAC Peer Review of Austria 1999*, p. I-30

October 2004. In 2004, the DAC consisted of 23 member countries including Austria and the Commission of the European Communities.[171]

One more important feature of the 2004 Peer Review was that it came after an important landmark change in international development cooperation, namely, the adoption of the Millennium Development Goals (MDGs).



AUSTRIA

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%

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

Graphic 7: Austria's aid programme at a glance during 2004 Peer Review[172]

[171] OECD (2004), *OECD Development Co-operation Peer Reviews: Austria 2004* (Paris: OECD Publishing), p. 3 https://www.oecd.org/dac/peer-reviews/34225768.pdf [Hereafter, *OECD DAC Peer Review of Austria 2004*]

[172] *OECD DAC Peer Review of Austria 2004*, p. 6

During the peer review period of 2004, the LDCs were given priority by Austria's bilateral ODA. That was a change from the previous peer review report. There was a big decrease in the amount of aid from 520 million USD to 414 million USD from 2002 to 2003. The ODA/GNI level also decreased from 26 per cent to 20 per cent.

6.5.1. Aid Architecture Reforms During the 2004 Peer Review

The 2004 Peer Review was prepared after several years of development cooperation reforms in Austria. During that time, the Federal Chancellery (Prime Minister's Office) handed over the responsibility for co-operation with Eastern Europe to the MFA, Section VII - Development Cooperation in April 2000.[173] Moreover, a new Development Cooperation Act was prepared and enacted in 2002. It replaced the law on development cooperation which had been enacted in 1974. A year later, in 2003, some amendments were done on the new law.

Moreover, a new development cooperation agency for bilateral programmes was established under the name of the Austrian Development Agency (ADA) to be operational starting from the 1st of January 2004 under the auspices of the Ministry of Foreign Affairs (MFA).[174] A three-year programme for the years 2004-2006 was also prepared for the execution by ADA.

Although it was not enough, the share of the MFA in the total ODA increased from around 15 per cent to 22 per cent during the review time. Debt relief and imputed students' costs were the main reasons for this low mark.[175]

The number of actors inside Austria regarding the ODA remained the same as before. That is, along with the MFA, seven other federal ministries continued to be involved in development

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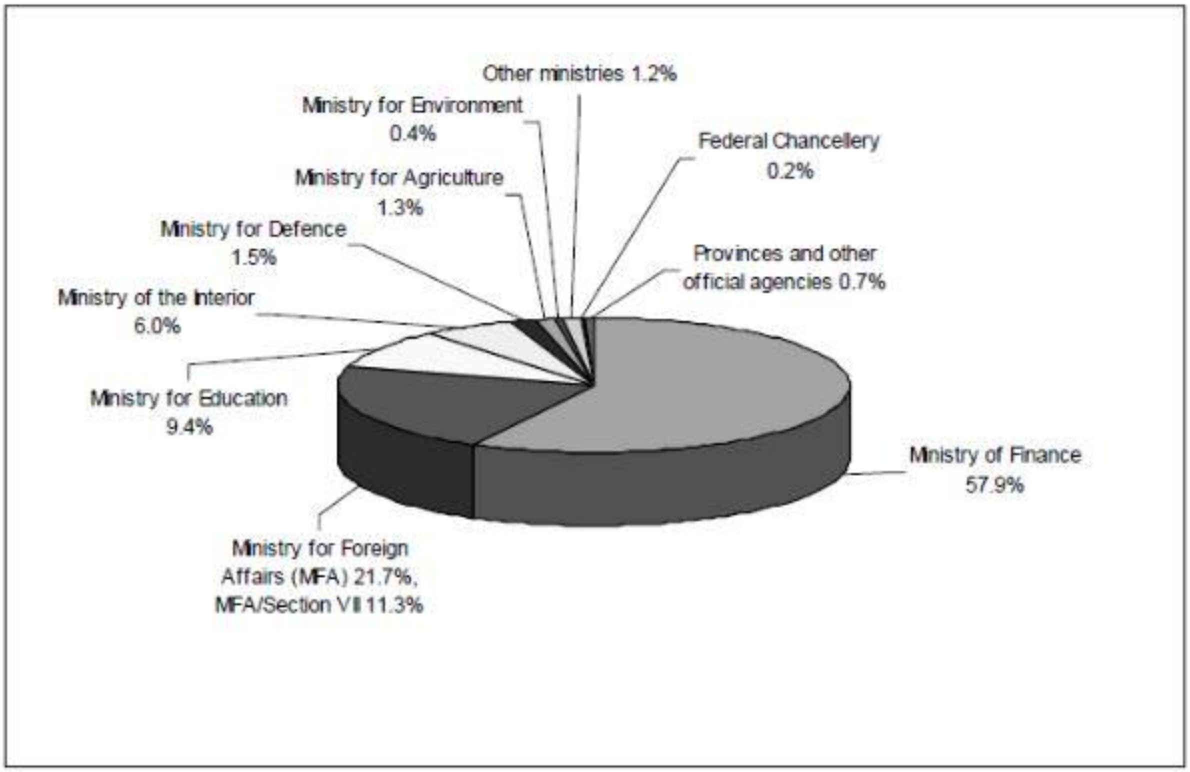
[173] *OECD DAC Peer Review of Austria 2004*, p. 10

[174] See "Federal Act on Development Cooperation (2002), Including its Amendment (2003)", https://www.oe-eb.at/dam/jcr:82518ac8-d1e8-4e22-a407-5569a159bb5d/Development-Cooperation-Act.pdf (Accessed on May 2022)

[175] *OECD DAC Peer Review of Austria 2004*, p. 10

cooperation activities and projects. This happened despite the change of law and the reforms made.



Graphic 8: Ministerial responsibilities for Austrian ODA, 2002[176]

6.5.1.1 The Enactment of the Federal Act on Development Cooperation and Its Amendments

According to Part 1, Section 1 of the 2002 Federal Act on Development Cooperation, Austria's development policy would have the following three main objectives:

> *1. combatting poverty in the developing countries by promoting economic and social development that is aimed at a process of sustainable economic activity and economic growth combined with structural, institutional and social change;*

[176] *OECD DAC Peer Review of Austria 2004,* p. 27

2. ensuring peace and human security, especially by promoting democracy, rule of law, human rights and good governance; as well as

3. preserving the environment and protecting natural resources that form the basis for sustainable development.

The enactment of a development co-operation act was not something ordinary. Twelve DAC member countries did not have a specific development co-operation law as of 2004.[177] So Austria had done a commendable act by enacting a law way back in 1974 and renewing it in 2002 and amending it in 2003.

Regarding the position of the NGOs on the new Act, the new law raised their concerns and worries that their prominent previous roles with assured legal status would be weakened with the new legislation.[178]

6.5.1.2. Policy Coherence for Development

The OECD member states repeatedly stated that policy coherence was a prerequisite for having successful poverty reduction policies that are enabled by having mutually supportive policies on economic, social and environmental issues.[179]

Due to the importance attributed by the OECD, Austria added a clause (Section1.5) for policy coherence in the new Development Act of 2002. It improved Austria's legal, programmatic and institutional basis for policy coherence. The responsibility to enforce the law by monitoring the other ministries was given to the MFA. Moreover, the Three-Year Programme 2005-2007 also espoused policy coherence for development. It stated that "*dialogue will be stepped up between the Ministry for Foreign Affairs, which is in charge of bilateral development cooperation, and*

[177] *OECD DAC Peer Review of Austria 2004*, p. 43

[178] *OECD DAC Peer Review of Austria 2004*, p. 52

[179] *OECD DAC Peer Review of Austria 2004*, p. 40

the departments responsible for other aspects of the coherence agenda policies (such as trade and investment, climate, agriculture, international finance architecture and debt relief)".[180]

Austria's Strategy for Sustainable Development which was adopted by the federal government in 2002 treated Austrian development co-operation as an important policy area.[181] The creation of ADA was also seen as a support for policy coherence.

On the downside of the matter, policy coherence was not one of the issues that needed to be included in the report of the MFA to the Austrian Parliament. Moreover, the MFA did not have enough staff and analytical capacity to deal with coherence issues.[182] The co-ordination for policy coherence between MFA Section VII and other sections of the MFA and other governmental departments was largely informal. Moreover, policy coherence was not an issue given utmost importance by the NGOs during the review time.

6.5.1.3. The Creation of the Austrian Development Agency (ADA) and its Co-ordination Offices

The establishment of the Austrian Development Agency (ADA) was a huge improvement in the aid management and implementation of Austria. It finally came to fruition after years of encouragement by the DAC to create a development agency. With Chapter 2, Section 6 of the Federal Act on Development Cooperation, the Austrian Development Agency became operational starting from the 1st of January 2004.

ADA was established as a non-profit, limited liability company. Even though it was created like a private firm, it was owned by the Federal Government of Austria under the auspices of the MFA.

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[180] Austrian Ministry for Foreign Affairs, (2005) *Three-Year Programme on Austrian Development Policy 2005 to 2007*, Revised version 2005 (Vienna: Federal Ministry for Foreign Affairs), p. 8

[181] *OECD DAC Peer Review of Austria 2004*, p. 42

[182] *OECD DAC Peer Review of Austria 2004*, p. 13

According to Section 8, para. (1), *"The function of the ADA shall be to prepare and implement measures of development cooperation, with particular attention being paid to their effectiveness in developing countries…*"

According to Section 10, *the ADA shall defray its expenses out of contributions provided by the Federal Government for carrying out operational measures., out of payments for rendering services for the Federal Government or third parties, out of other public and private contributions and out of other receipts*.

According to Section 12, ADA would have a supervisory board consisting of 12 members, appointed for a maximum of 4 years. 6 of these would be appointed by the MFA.

Austria had already had some regional offices in the form of private consultancy. With the reforms, the co-ordination offices were integrated into Austria's diplomatic structure. The co-ordination offices became responsible for managing the development programmes of the MFA/ADA but not the other ministries.

ADA continued to contract out the actual implementation of its programmes and projects to NGOs and private firms in its first years. Some 50 per cent of the bilateral aid programme of the MFA/ADA was implemented through Austrian NGOs and over 20 per cent was implemented by Austrian private businesses.[183]

ADA had established Co-ordination Offices in 13 priority countries during the review time. Implementation and co-ordination of the Austrian bilateral programmes were the main responsibilities of the Co-ordination Offices. The heads of co-ordination offices were appointed and sent from the headquarters and local staff were mostly recruited locally.[184]

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[183] *OECD DAC Peer Review of Austria 2004*, p. 14

[184] *OECD DAC Peer Review of Austria 2004*, p. 50

The creation of ADA also reiterated the position of the MFA in enhancing policy coherence for development.[185] However debt relief, tuition costs in Austria and refugee costs remained outside of the competence of ADA during the preview time.

With the creation of ADA, it was intended a) to provide an effective and efficient structure for the administration of increased aid volume; b) to create a means to enhance co-operation with the European Union regarding the European Community aid; and c) to enhance private sector and development activities for the benefit of poverty reduction and economic growth.[186]

In view of the DAC Peer Review team, the reforms regarding the establishment of ADA and enactment of a new development cooperation law were in the right direction. They also suggested the decentralisation of decision making towards field offices.[187]

6.5.1.4. The Three-Year Programme for the Years 2005-2007

The Three-year Programme on the Austrian Development Policy 2005-2007 identified the following sectoral foci and subjects derived from the Millennium Development Goals:

a) Social Sectors - Education, Water Supply and Sanitation and Health Measures;

b) Production Sectors - Rural Development, MSMEs, Energy; and

c) Development Policy Framework - Conflict Prevention and Resolution, Good Governance and Rule of Law, Development of Democratic Structures, Decentralisation, Strengthening of Human Rights and Security.[188]

Furthermore, the document determined the core programme of the Austrian Development Cooperation with Eastern Europe setting South-Eastern Europe (SEE) as a key cooperation region. The subject priorities defined on a regional level were as the following:

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[185] *OECD DAC Peer Review of Austria 2004*, p. 51

[186] *OECD DAC Peer Review of Austria 2004*, p. 21

[187] *OECD DAC Peer Review of Austria 2004*, p. 21

[188] *OECD DAC Peer Review of Austria 2004*, p. 29

a) Education;
b) Environment;
c) Water supply and energy;
d) Strengthening the rule of law and civil society;
e) Private sector development and improvement of the institutional framework.

The budget of the Austrian Cooperation with Eastern Europe in 2004 amounted to EUR 15 million.[189]

According to the Three-Year Programme 2005-2007, three characteristics of Austria's development policy were;

a) Constancy and long-term planning with traditional partners;
b) Flexibility and rapid reaction to all challenges;
c) Consolidation of the available potential of NGOs and universities, private sector and financial instruments.[190]

Moreover, a general commitment to the Millennium Development Goals (MDGs) was installed into the Three-Year Programme 2005-2007. So, combatting poverty in developing countries was mentioned in the programme. However, the DAC advised Austria to make these commitments operational and be shown in the allocation of resources.[191] As the number of staff dealing with poverty reduction was only one person at ADA, the DAC Peer Review of 2004 advised the increase of the number of experts on poverty.[192]

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[189] Government of the Republic of North Macedonia (2023, December), Secretariat for European Affairs, Website, https://www.sep.gov.mk/en/post/?id=78 (Accessed in December 2023)

[190] *OECD DAC Peer Review of Austria 2004*, p. 19

[191] *OECD DAC Peer Review of Austria 2004*, p. 39

[192] *OECD DAC Peer Review of Austria 2004*, p. 32

The Three-Year Programme 2005-2007 committed to improve competitive tendering for the Austrian Aid. Logical framework and project cycle management approaches were not systemic parts of project management. So, the DAC advised Austria to use them systematically.

Due to the general commitment for the MDGs in the Three-Year Programme 2004, Austria was called by the DAC Team to incorporate the MDGs into all policy and strategy documents and show how it could make positive contributions towards the MDGs.[193]

6.5.2. Issues Raised in the 2004 Peer Review

6.5.2.1. The ODA Volume and 0.7 Threshold and Barcelona Commitments

Austria was one of the few countries that had committed to reach 0.7 per cent ODA/GNI by the end of the 1980s during Bruno Kreisky's Socialist administration (1970-1983) but that ratio could not be achieved by 1990.[194] Austria repeated its commitment with the Barcelona Agreement in 2002.

The European Union Members including Austria agreed that the UN goal of 0.7 percent ODA/GNI was also a goal for the Member States in the Barcelona European Council on 15 and 16 March 2002. However, an initial medium-term target of 0.33 percent of GNI/ODA to be reached by 2006 in the 2002 Barcelona Summit was also set until the 0.7 target was reached.[195]

Despite that, the volume and percentage of Austrian aid declined from the previous levels. That is, Austria's ODA declined from 520 million USD in 2002 to 505 million USD in 2003 due to postponement of some bilateral debt forgiveness agreements and large repayment of ODA loans. The percentage also decreased from 0.26 per cent of GNI to 0.20 percent of GNI in 2003.[196]

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[193] *OECD DAC Peer Review of Austria 2004*, p. 34

[194] *OECD DAC Peer Review of Austria 2004*, p. 26

[195] *OECD DAC Peer Review of Austria 2004*, p. 12

[196] Federal Ministry for Foreign Affairs, (2005) *Austrian Foreign Policy Yearbook 2004* (Vienna: Federal Ministry for Foreign Affairs), p. 115

Austria continued to commit itself to reach the Barcelona target of 0.33 percent of ODA/GNI by 2006. That would require a 40 percent increase in its ODA of 2003 which was a very ambitious target.[197]

The Austrian public opinion was in favour of development co-operation activities according to polls conducted in 2001 and 2003. 83 percent of the Austrian public were of the opinion that supporting developing countries was right. 48 percent were also supporting an increase in the ODA level in 2001.[198]

6.5.2.2. Imputed Students' Costs

Austria espoused the Millennium Development Goals (MDGs). That is, MDG 2, "Achieve universal primary education" had become one of the goals of the Austrian development cooperation. However, Austria had concentrated mostly on higher education previously. Austria continued that concentration in the review term again. In this period, the top recipients of Austrian aid continued to be higher education students coming from countries like Egypt and Turkey. These countries were placed near the top of the list due to their high number of students in Austria.

As part of the restructuring of policies, the higher education system of Austria was decentralised. That led to more autonomy and the universities began to manage their own budgets. As a result, the students from developing countries began to be charged for their tuition fees. However, students could apply for a refund.[199]

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[197] *OECD DAC Peer Review of Austria 2004*, p. 23

[198] *OECD DAC Peer Review of Austria 2004*, p. 23

[199] *OECD DAC Peer Review of Austria 2004*, p. 45

6.5.2.3. Project Management and Evaluation

During the review time, Austria was not using the project cycle management in dealing with its projects. That is why the DAC Peer Review suggested the adoption of PCM and Logical Framework Approach to make it possible to have a more systematic approach to project management.[200]

Moreover, all programmes and projects needed a proper system of evaluation. The DAC Peer Review also suggested that organisational independence of evaluation units at MFA and ADA should be assured; lessons learnt must be analysed, monitored and implemented; a multi annual systematic evaluation should be presented.[201]

Evaluations were done externally and internally in the Austrian development co-operation.[202] However, there was no system of synthesising the main findings and lessons learnt and their share among the official aid administration.[203]

6.5.2.4 Bilateral and Multilateral Aid

During the peer review period, a small proportion of project aid or technical co-operation continued to dominate the Austrian aid programmes.[204] NGOs continued to play a major role in the Austrian development co-operation being responsible for the implementation of 50 per cent of the bilateral aid of the MFA/ADA programmes. The NGOs were Austrian and local NGOs.[205]

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[200] *OECD DAC Peer Review of Austria 2004*, p. 16

[201] *OECD DAC Peer Review of Austria 2004*, p. 16

[202] *OECD DAC Peer Review of Austria 2004*, p. 55

[203] *OECD DAC Peer Review of Austria 2004*, p. 57

[204] *OECD DAC Peer Review of Austria 2004*, p. 26

[205] *OECD DAC Peer Review of Austria 2004*, p. 14

At the time of the peer review, Austria did not provide any direct budget support to any partner country.[206] Austrian interest with Central and Eastern European Countries (CEECs) and Newly Independent States (NIS) continued during the peer review term.

With the membership of Austria in the European Union, Austrian contributions to the EC agencies made up 60 percent of total multilateral aid of USD 276 millions, that is, 2.5 percent of the development expenditures of the EC.[207]

Austria also contributed to the major UN organizations like UNDP, UN Office on Drugs and Crime (UNODC) and UNIDO as part of its multilateral aid (USD 21 millions in total contributions in 2003).[208]

6.5.2.5. The Focus of the Aid

Private sector and development became one of the foci of Austrian development cooperation. A special attention for development was given to the role of the private sector of Austria in the partner countries. Austria wanted to direct the attention of Austrian private firms so that they can be actively involved in the development of the private sector in the partner countries.[209] In 2003, the Private Sector and Development Platform was formed with the co-ordination of the MFA and administrative support of ADA.[210] The peer review of 2004 encouraged Austria to continue to support the private sector with a focus on the economic development and welfare of recipient countries.[211]

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[206] *OECD DAC Peer Review of Austria 2004*, p. 15

[207] *OECD DAC Peer Review of Austria 2004*, p. 29

[208] *OECD DAC Peer Review of Austria 2004*, p. 30

[209] *OECD DAC Peer Review of Austria 2004*, p. 11

[210] *OECD DAC Peer Review of Austria 2004*, p. 36

[211] *OECD DAC Peer Review of Austria 2004*, p. 11

During the time of review, the sectoral allocation of Austria's aid programme followed a similar line like other small donors, that is, “an emphasis on the social sector” with some but not large contributions to “economic infrastructure and production”.[212]

The Three-Year Programme 2004-2006 maintained “the previous emphasis on water and sanitation, rural development, energy and the promotion of democratic development, with new initiatives planned in the area of the private sector and development”.[213]

One of the issues raised in the 2004 Austria Peer Review was poverty reduction. Austria was asked to create “Poverty Reduction Strategy Papers” like other established donors. In the Third UN Conference on the LDCs, the countries committed to provide 0.15 percent of their GNI as ODA to LDCs. To realise this commitment, Austria was in need of “strengthening its poverty focus”.[214]

6.5.2.6. The Country Strategies

The first country strategy of Austria was drafted in 1993. As of the peer review period, Austria had six country strategies, two of which were new and four of which were updated. They were based on the main objectives and principles of the Austrian development policy.[215]

The DAC Peer Review team called Austria to prepare the country strategies in such a way that they include all the ODA activities of all Austrian actors, not only that of the MFA/ADA. They also encouraged Austria to increase policy dialogue with partner governments for further alignment of Austrian support.[216]

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[212] *OECD DAC Peer Review of Austria 2004*, p. 28

[213] *OECD DAC Peer Review of Austria 2004*, p. 29

[214] *OECD DAC Peer Review of Austria 2004*, pp. 31-32

[215] *OECD DAC Peer Review of Austria 2004*, p. 60

[216] *OECD DAC Peer Review of Austria 2004*, p. 61

6.5.3. Field Visits to Bosnia and Nicaragua as Case Studies of Austria's ODA

Nicaragua and Bosnia Herzegovina (BiH) were chosen by the DAC to see how the Austrian Development Co-operation was in these countries. Unlike Nicaragua, Bosnia had historic ties with Austria. That is, it was once part of the Habsburg Empire.

Nicaragua was one of the poorest countries in the world with a per capita income of 710 USD in 2002. So, the Austrian ODA had a poverty focus in that country. Austria supported socially, economically and ecologically sustainable development in Nicaragua.[217] Austria was managing its ODA through its coordination office in Nicaragua.

Bosnia Herzegovina had just come out of the civil war that occurred between 1992-1995. That had disastrous effects in many parts of the country's economy, social and personal life. Bosnia was classified as a Lower Middle-Income Country (LMIC). That is why Austria concentrated its ODA on overcoming the damage of war by supporting economic development and employment generation.

Austria became one of the providers of funds to the European Fund for Bosnia and Herzegovina (EFBH) during the review term.[218]

6.5.4. A Comparative Analysis of 1999 and 2004 Peer Reviews

By taking the recommendations in the previous peer reviews into account, Austria enacted a new development cooperation law, adopted the Three-Year Programme 2004-2006 and revised it in 2005 for 2005-2007 for a longer-term strategy for development co-operation[219] and also

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[217] *OECD DAC Peer Review of Austria 2004*, p. 33

[218] *OECD DAC Peer Review of Austria 2004*, p. 37

[219] *OECD DAC Peer Review of Austria 2004*, p. 16

reformed its statistical reporting in line with DAC norms and guidelines. That was commended by the 2004 peer review.[220]

During the review time, Austria began to develop policies regarding peace and security. Austria was also asked to provide resources for these policies.[221]

In view of the Ministry for European and International Affairs, the review was very positive and it welcomed Austria's concentration on South-East Europe.[222]

By the end of 2004, the division of labour between the MFA and ADA was still not clear. Moreover, how Austria would implement the MDGs was not determined either.

The high number of small projects as happened before continued during this term as well.

Despite a reference in the Development Co-operation Act, poverty reduction was not yet systematised during this term. However, a general commitment to the MDGs was installed into the 2004-2006 Three-Year Programme.

During this term, the top recipients of the Austrian aid were either countries receiving debt relief, or the origin countries of the refugees or students coming to live or study in Austria. To overturn that trend, an increase in the amount of programmable aid was needed.

It was advised in the 2004 DAC peer review that the MFA needed a detailed strategy or policy framework for monitoring and ensuring policy coherence for development.

Despite recommendations in the last peer review, the number of partner countries remained the same. There were 20 partner countries in the South and 19 partner countries in the East. Private sector and development were declared as new foci.[223]

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[220] *OECD DAC Peer Review of Austria 2004*, p. 28

[221] *OECD DAC Peer Review of Austria 2004*, p. 39

[222] The Federal State of Austria, Ministry of European and International Affairs (12 November 2004) "OECD praises Austrian Development Cooperation" http://www.eza.gv.at/en/the-ministry/press/news/2004/oecd-praises-austrian-development-cooperation/ (Accessed on 10 January 2023)

6.6. 2009 Austria Peer Review

The 2009 Peer Review on Austria[224] was the first review prepared after the 2004 Peer Review. That is, it was the first peer review after massive reforms of 2002 and 2004. The 2009 Peer Review was prepared with the examiners from Luxembourg and Norway and presented on 29 April 2009. In 2009, the number of the DAC members stood at 23 as in 2004.

After the acceptance of the MDGs in 2000, the financing and effectiveness of international aid came to the fore once again as they were necessary to reach the MDGs by 2015. Therefore, four high level forums were held between 2003 and 2011 on aid effectiveness. The first forum was held in Rome in 2003, the second was in Paris in 2005. The third was held in Accra in 2008 and the last was held in Busan, South Korea, in 2011. The main focus of these forums was to improve coordination of aid between donor and recipient countries.[225]

The United Nations Department of Economics and Social Affairs (UNDESA) organised some international conferences on Financing for Development. The first one was organised in Monterrey. It reached a conclusion called "*The Monterrey Consensus*".[226] The second conference was held in Doha, Qatar, with "*the Doha Declaration"*[227]. The third conference was held in Addis Ababa. The international community reached "*Addis Ababa Action Agenda (AAAA)*"[228]

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[223] *OECD DAC Peer Review of Austria 2004*, p. 21

[224] See, OECD (2009), *Austria: Development Assistance Committee (DAC) Peer Review* (Paris: OECD Publishing) http://dx.doi.org/10.1787/1996580x (Paris, OECD) [Hereafter: *OECD DAC Peer Review of Austria, 2009*]

[225] See, Wikipedia (2023), "*High Level Forums on Aid Effectiveness*", https://en.wikipedia.org/wiki/High_level_forums_on_aid_effectiveness (Accessed in December 2023)

[226] See, The United Nations, *Monterrey Consensus on Financing for Development* (18-22 March 2002) https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_CONF.198_11.pdf [Accessed in December 2023]

[227] See, The United Nations (2009), "*Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus"* (2009), https://www.un.org/esa/ffd/wp-content/uploads/2014/09/Doha_Declaration_FFD.pdf (Accessed in December 2023)

[228] See, The United Nations (2015), *Addis Ababa Action Agenda of the Third International Conference on Financing for Development*, (13-16 July 2015) https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf (Accessed on December 2023)

there. According to the UN Resolution 78/231 of 22 December 2022[229], the 4th conference on Financing for Development will be held in 2025.

The mentality behind all these conferences has been that sustainable development targets will not be reached if enough resources are not found. One way of finding these funds has been meeting the decades-old commitments to providing official development assistance by the wealthier countries. The second way of finding more finance is suggested as resolving the debt crisis faced by developing countries.[230]

It was agreed by over fifty Heads of State and two hundred Ministers of Finance, Foreign Affairs, Development and Trade, the Heads of the United Nations, the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO), prominent business and civil society leaders and other stakeholders in the Monterrey Consensus on 18-22 March 2002 that they endorsed the target of giving at least 0.7 percent of GNI as official aid. They also agreed on debt relief, fighting corruption and policy coherence.[231] Austria was amongst the endorsers of the Monterrey Consensus.

In the Paris Declaration on Aid Effectiveness in 2005, five fundamental principles were accepted to have more effective aid. These were "ownership (by the recipient country), alignment (of donor aid with recipients' objectives and systems), harmonisation (of donor systems), managing for results and mutual accountability".[232] These high-level forums were held upon the High-

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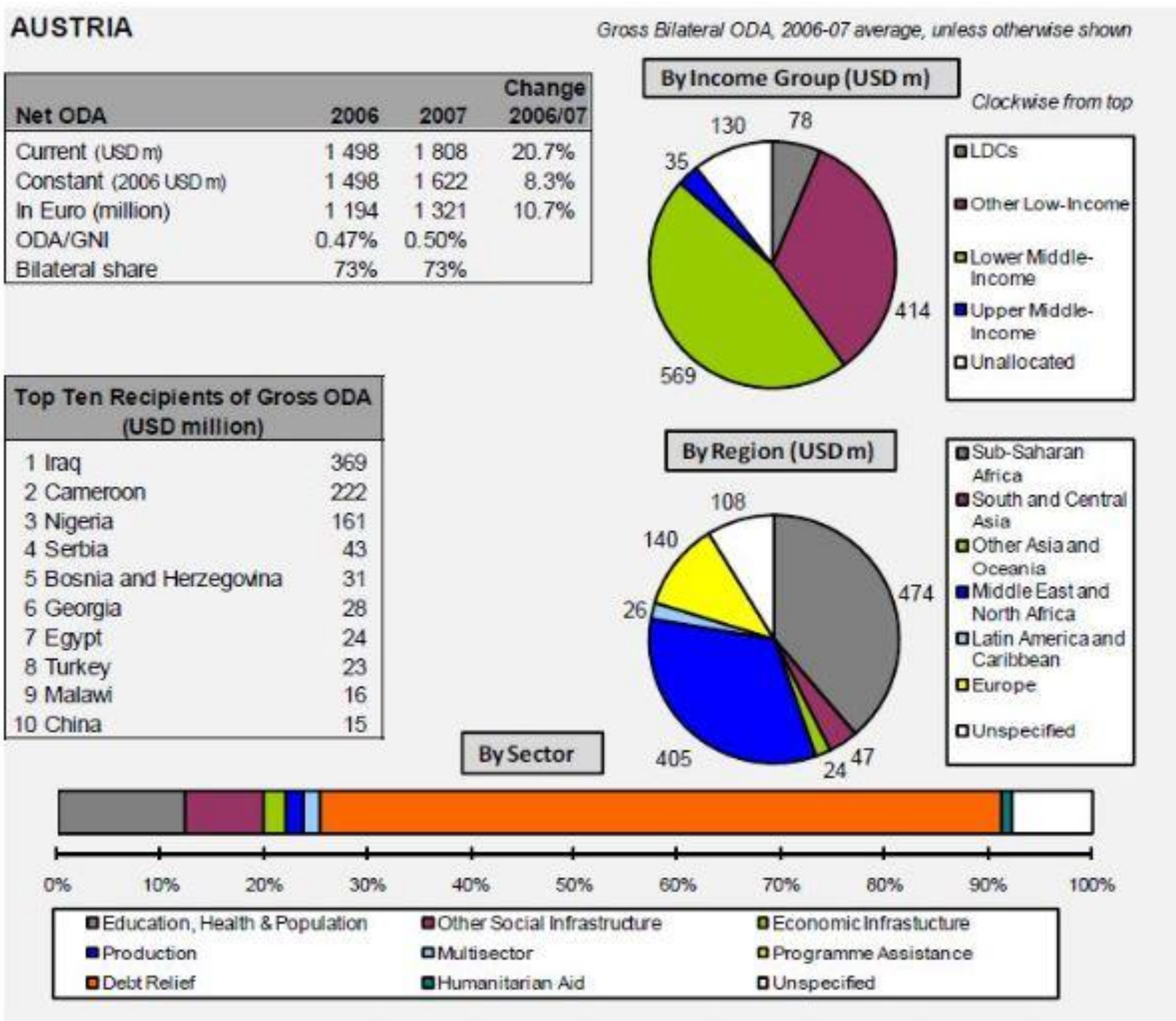
[229] See, UN General Assembly (2023, 22 December), A/RES/78/231, Resolution adopted by the General Assembly on 22 December 2023, https://documents.un.org/doc/undoc/gen/n23/430/02/pdf/n2343002.pdf?token=MuwGEzuvSNHXFU5Hvm&fe=true (Accessed on December 2023)

[230] UN (18-22 March 2002), *Fast Fact - Financing For Development: What to Know Now*, https://www.un.org/sustainabledevelopment/blog/2023/08/explainer-financing-for-development-what-to-know-now/ (Accessed in May 2023)

[231] See *The Report of the International Conference on Financing for Development*, Monterrey, Mexico, 18-22 March 2002 (A/CONF.198/11) https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_CONF.198_11.pdf (Accessed on December 2023)

[232] See OECD, *The Paris Declaration on Aid Effectiveness (2005), Accra Agenda for Action (2008)* https://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm (Accessed in December 2023)

Level Conference held by the United Nations in Monterrey, Mexico, in 2002. The heads of states and governments urged in the Monterrey Consensus that "the developed countries increase the quantities of development aid".



Graphic 9: Austria's Aid at a Glance between 2006 and 2007[233]

[233] *OECD DAC Peer Review of Austria, 2009*, p. 6

6.6.1. Aid Architecture During the 2009 Peer Review

The legal basis of Austrian development co-operation was already there during the 2009 Peer Review. That is, The Federal Ministries Act of 1986 and The Federal Act on Development Co-operation of 2002 with some amendments in 2003 were constituting the basis of the Austrian aid system. With the amendment in 2003, the operational tasks were transferred to the Austrian Development Agency (GmbH) ADA.[234]

As in the previous times, the Austrian aid system remained fragmented, and a consolidated ODA budget could not be attained. Eight separate ministries engaged with official development assistance with their own funds.[235]

The Three-Year Programme on Development Policy continued to be updated annually by the Ministry of Foreign Affairs in close collaboration with the Ministry of Finance and then was approved by the Austrian cabinet. However, it was not considered as a medium-term policy document as it required all of Austria's development assistance actors backing, especially that of politics.[236]

Austria approved poverty reduction guidelines, long wanted by the DAC in the beginning of 2009.

The Advisory Board on Development Policy had included development experts as members and was headed by the Minister of Foreign Affairs. The main actors of the development co-operation in Austria remained the MFA, the MoF, and ADA.[237] There were 12 members in the Advisory Board. Half of them came from the MFA. ADA's Managing Director was not a permanent member, that is, managing director was not mandated by the Development Co-operation Act.

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[234] Federal Ministry for Foreign Affairs, (2005) *Austrian Foreign Policy Yearbook 2004* (Vienna: Federal Ministry for Foreign Affairs) p. 116

[235] *OECD DAC Peer Review of Austria, 2009*, p. 11

[236] *OECD DAC Peer Review of Austria, 2009*, p. 11

[237] *OECD DAC Peer Review of Austria, 2009*, p. 26

However, he/she was always part of it. The remaining six were from the MoF, Ministries of Economic Affairs, Social Affairs and Agriculture, provincial governors, an NGO representative, and a staff representative.[238]

The development co-operation offices of Austria in partner countries were managed by ADA. However, these offices did not only work for ADA or the MFA but for the whole of the aid system of Austria.[239]

6.6.1.1 Policy Coherence for Development

There was some progress in comparison to the previous peer review in 2004 in the three areas of political commitment and policy statements; policy co-ordination mechanisms; and monitoring analysis and reporting systems. Policy coherence issues were discussed in the Austrian parliament in 2007 and 2008. That helped to improve the visibility of the matter. The government programme of 2008-2012 stated that all Austrian policies should be in line with the government's development policy.[240]

International economic relations, migration and development, and global energy issues were among the priority areas identified that needed improved coherence in the Three-Year Programme 2007-2009. Due to the lack of a strategy or objectives for making progress and Austria's fragmented aid system, it was very difficult to make progress in the policy coherence for development. That is why the DAC suggested Austria to prepare prioritised, time-bound action agendas to fill the gap in this area.[241]

The success of Austria in putting monitoring, analysis and reporting systems was very limited. That is why it was suggested by the DAC team that Austria should establish a policy coherence

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[238] *OECD DAC Peer Review of Austria, 2009*, p. 27

[239] *OECD DAC Peer Review of Austria, 2009*, p. 26

[240] *OECD DAC Peer Review of Austria, 2009*, p. 13

[241] *OECD DAC Peer Review of Austria, 2009*, p. 13

unit to increase analytical and monitoring capacity as well as a focal point in the Austrian cabinet to deal with such issues.[242]

6.6.1.2 The Three-Year Programme for The Years 2007-2009

The Austrian MFA prepared the three-year programme in close collaboration with the Ministry of Finance. After the Council of Ministers' approval of the three-year programme, it was then submitted to the Austrian Parliament for information.[243]

The three-year programme was a mixture of both strategy and operation programme for the MFA and ADA. The problem with the three-year programme was that it was not binding for all the actors in the ODA. The Three-year Programme of 2004-2006 and the updated Three-Year Programme for The Years 2007-2009 identified six core thematic areas:

a) Water and sanitation;

b) Rural development;

c) Energy;

d) Private sector development;

e) Education and scientific co-operation;

f) Good governance; including human rights, rule of law, democratisation, conflict prevention and peace.[244]

The draft three-year programme was discussed at the Advisory Board on Development Policy.[245] During the review time, the three-year programme remained binding only for the MFA and the MoF. Other Austrian partners were free not to adhere to it.[246]

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[242] *OECD DAC Peer Review of Austria, 2009*, p. 13

[243] *OECD DAC Peer Review of Austria, 2009*, p. 25

[244] *OECD DAC Peer Review of Austria, 2009*, p. 29

[245] *OECD DAC Peer Review of Austria, 2009*, p. 28

6.6.2. Issues Raised in the 2009 Peer Review

6.6.2.1. The ODA Volume and the 0.7 Percent Threshold

During the peer review period of 2009, the Austrian ODA experienced a sharp increase due to enormous debt relief. According to 2022 constant prices, Austrian ODA was 0.7 billion USD in 2003 with 0.20 percent of the ODA/GNI amount. Starting from 2004, it began to increase. It rose to 0.8 billion USD in 2004 with 0.23 percent. The next year, that is 2005, witnessed a sharp increase with 1.9 billion USD with 0.52 percent ODA/GNI. The ODA amount slightly decreased to 1.7 billion with a 0.47 percent of the GNI in 2006. The trend reversed again and Austria's ODA increased to 1.9 billion USD with a 0.50 percent of the GNI in 2007. With the decrease of debt cancellations, there was a decrease again in 2008. The ODA of Austria was 1.6 billion USD with 0.43 percent GNI with 2022 constant prices.[247]

With 2007 prices, the amount of aid was less but the ratio was not very different. The total ODA was 1.3 billion USD or 0.50 percent in 2007.[248]

With 2022 prices debt relief accounted for the 947 million USD in 2007. That made 52 percent of all ODA that year.[249]

During the peer review, Austria reiterated its commitment to reach the EU wide minimum target of 0.51 percent of GNI/ODA in 2010. Austria's 2008-2012 government programme also repeated that pledge. In fact, Austria was on the target, but it could not be maintained in the following years.

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[246] *OECD DAC Peer Review of Austria, 2009*, p. 26

[247] Sara Harcourt (28 February 2024), "Official Development Assistance (ODA)" in https://data.one.org/topics/official-development-assistance/ (Accessed on 28 February 2024)

[248] *OECD DAC Peer Review of Austria, 2009*, p. 41

[249] Sara Harcourt (28 February 2024), "Official Development Assistance (ODA)" in https://data.one.org/topics/official-development-assistance/ (Accessed on 28 February 2024)

6.6.2.2. The Preparation of Poverty Reduction Guidelines

It was stated in the 2004 peer review that poverty reduction and the MDGs should be prioritised, and resources should be allocated for them to be realised. The poverty reduction guidelines were approved at the beginning of 2009 as a compliance measure to that recommendation.[250]

6.6.2.3. Increasing the Public and Political Support for the ODA

While individual domestic charity support was high as in the other DAC Countries, political interest for international development issues was not very high compared to them.

In a survey done in 2007, it was found that 77 percent of Austrians were in support of helping poor people in developing countries. Moreover, 40 percent of people were supporting the provision of aid as much as other EU countries. 33 percent were of the opinion that aid levels should be kept as they were.[251] That was detrimental for increasing the funds allocated for the development cooperation and the ODA levels. That is why the DAC recommended increasing Austria's efforts to win public support for international development activities and to improve its global education on development.[252]

6.6.2.4. Climate Change

Policy coherence for climate change was given importance during the review time. The Environment Law of 2008 explicitly stated that "any projects undertaken in developing countries under the flexible mechanisms of the Kyoto Protocol must respect the goals and principles stated in the Development Co-operation Act and international provisions".[253]

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[250] *OECD DAC Peer Review of Austria, 2009*, p. 29

[251] *OECD DAC Peer Review of Austria 2009*, p. 32 quoted from GfK Austria (2007), *Lifestyle 2007* Entwicklungshilfe/-zusammenarbeit, Band 1 / 2: Textbericht, Im Auftrag von Austrian Development Agency, (Vienna: GfK Austria)

[252] *OECD DAC Peer Review of Austria, 2009*, p. 12

[253] *OECD DAC Peer Review of Austria, 2009*, pp. 13-14

6.6.2.5. Building a Results Focus in the Project Management and Evaluation

In the previous peer review in 2004, Austria was advised to use project cycle management for its projects.[254] Austria began to use logical frameworks and trained its staff accordingly. The DAC peer review team further suggested using results-based monitoring systems to improve evaluation and accountability. Moreover, they asked for the improvement of communication between MFA and ADA and independence of the evaluation unit under the MFA structure.[255]

Due to these assessments, Austria was asked to update its evaluation system alongside DAC guidelines in the 2009 peer review.[256]

6.6.2.6 Aid Effectiveness Agenda

Aid effectiveness had been something embedded in all legal documents in Austria including the Development Co-operation Act and other legal documents like the Three-Year Programmes 2007-2009 and 2008-2010 and country strategies.[257] That is, the Paris Declaration on Aid Effectiveness had been closely followed. However, these provisions were mostly applied to bilateral aid activities managed by the MFA and ADA.

As part of the aid effectiveness agenda, Austria was asked to reform its scholarship programme. It needed to be demand-driven, based on needs assessment taking into account the individual and institutional capacities in the related countries.[258]

Lack of a consolidated aid budget also decreased the chance of effective aid. During the review time, there were eight actors with their own budget involved with aid activities.[259] Austria also

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[254] *OECD DAC Peer Review of Austria 2004*, p. 16

[255] *OECD DAC Peer Review of Austria 2009*, p. 18

[256] *OECD DAC Peer Review of Austria 2009*, p. 19

[257] *OECD DAC Peer Review of Austria 2009*, p. 63

[258] *OECD DAC Peer Review of Austria 2009*, pp. 20-21

[259] *OECD DAC Peer Review of Austria 2009*, p. 25

admitted that highly fragmented institutional structure was an impediment in front of conforming the Paris Declaration.[260]

One of the biggest challenges for aid effectiveness was that the priority countries chosen by Austria received very little from the aid budget of Austria.[261]

6.6.2.7 Preparation of a Medium-Term Development Policy

The DAC team advised that a medium-term, politically endorsed development policy document needed to be prepared. It needed to include all Austrian aid adhering to Austria's previous commitments like the Paris Declaration, achieving international ODA targets, the MDGs etc.[262]

The document also should include plans to garner political and public support for development cooperation. That is, a communication and advocacy strategy needed to be prepared.

6.6.2.8 Limited Aid Predictability

It was found in the 2004 peer review that the Austrian aid was not high in predictability. That is why a multi-year allocation path was suggested.[263] Despite that there was no big change. In the memorandum of 2008, Austria promised to have a multi-annual budgetary framework.

6.6.3 Field Visits to Ethiopia as A Case Study of Austria's ODA

Austria considered Ethiopia as a geopolitically important country in East Africa as well as in need of poverty reduction help and development. That is why Austria had both an embassy and a development co-operation office in Ethiopia. Ethiopia was declared a pilot country for aid effectiveness in 2002 and the Paris Declaration commitments were checked upon.[264]

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[260] *OECD DAC Peer Review of Austria 2009*, p. 64

[261] *OECD DAC Peer Review of Austria 2009*, p. 64

[262] *OECD DAC Peer Review of Austria 2009*, p. 14

[263] *OECD DAC Peer Review of Austria 2009*, p. 46

[264] *OECD DAC Peer Review of Austria 2009*, p. 106

When the DAC Peer Review team visited Ethiopia, they found out that the interactions between the Austrian Embassy and ADA were not at a desired level.[265] Moreover, they found out that the Austrian aid remained small in comparison to Ethiopia's large level of needs. Even though Ethiopia was one of the priority countries of Austria, it accounted for only 0.4 percent of Austria's total ODA in 2007.[266] It was also revealed that Austrian aid was not predictable for Ethiopia.[267]

The team found out that when the new Ethiopia Country Programme was prepared by Austria, the local civil society organisations which received support from Austria were not consulted about it. It was seen as a deficiency.[268] Moreover, even the Austrian NGOs' knowledge about Austria's country strategy was limited.[269]

6.6.4 2009 Peer Review Recommendations

Seeing the lack of coherence between the different actors in Austria, the DAC team advised Austria to prepare a medium-term development plan which brings together all the Austrian actors in the ODA, a communication and advocacy strategy to get the support of the Austrian political strata and public for further development co-operation and funding.[270]

In 2004, the DAC report suggested Austria to have an ODA growth path. However, it was stated in the 2009 DAC Peer Review report that that this suggestion had not materialised and no concrete measures or agreed targets were announced beyond general terms.[271]

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[265] *OECD DAC Peer Review of Austria 2009*, p. 69

[266] *OECD DAC Peer Review of Austria 2009*, p. 108

[267] *OECD DAC Peer Review of Austria 2009*, p. 46

[268] *OECD DAC Peer Review of Austria 2009*, p. 60

[269] *OECD DAC Peer Review of Austria 2009*, p. 107

[270] *OECD DAC Peer Review of Austria 2009*, p. 14

[271] *OECD DAC Peer Review of Austria 2009*, p. 15

One area of progress in the 2009 peer review term was in the DAC's Creditor Reporting System. Austria managed to report all the ODA of eight different ministries to the DAC properly. It was also revealed that the Austrian budget was not well integrated which was detrimental for having a coherent aid system.[272]

In line with the DAC suggestion, Austria decreased the number of priority countries and sectors in the peer review period. However, its project budget size remained small. Out of 253 projects supported by ADA in 2007, 154 projects were smaller than 200.000 Euros.[273]

The size of the aid budget used by ADA remained very small. It only rose from 73 million Euros in 2004 to 84 million Euros in 2009. That is why the DAC team suggested an increase in the core aid budget of ADA.[274]

6.7. 2015 Austria Peer Review

The 2015 Peer Review on Austria[275] was prepared by the examiners from Germany and Switzerland with the help of the OECD DAC team and presented on 3 December 2014 to the public. It was the next peer review on Austria after the 2009 Peer Review. The number of the DAC members increased to 29 in 2015 including the European Union from 23 countries in 2009.[276]

2015 was the last year of the MDGs. Between 2009 and 2015, the Austrian federal government had tried to focus on fewer countries and thematic areas regarding its ODA. For instance, rule of law, human rights, peace, and security were chosen as policy areas to be focussed.[277] Austria

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[272] *OECD DAC Peer Review of Austria 2009*, p. 15

[273] *OECD DAC Peer Review of Austria 2009*, p. 15

[274] *OECD DAC Peer Review of Austria 2009*, p. 45

[275] See, OECD (2015), Austria: Development Assistance Committee (DAC) Peer Review, (Paris: OECD Publishing) http://dx.doi.org/10.1787/9789264227958-en [Hereafter: *OECD DAC Peer Review of Austria*, 2015]

[276] *OECD DAC Peer Review of Austria 2015*, p. 111

[277] *OECD DAC Peer Review of Austria 2015*, p. 14

perceived the development co-operation as a policy necessary for "strengthening international solidarity".[278]

The Austrian Development Bank was created during the previous peer review term. Austria managed to garner non-ODA funds for development via this organisation in the review period. The DAC peer review team suggested increasing the harmonisation between ADA and the Austrian Development Bank for greater development impact.[279]

The cross-cutting themes of gender and environment were tried to be mainstreamed through Austria's development co-operation aid during the review time.[280]

A results-based management system was introduced into the Austrian development co-operation system as a result of 2009 peer review recommendation.[281]

The DAC Principles for Evaluation Development Assistance was also adapted for quality assurance by Austria under the name of "The Guidelines for Project and Programme Evaluations" in 2008. External consultants were used for evaluations and the results were made public.[282]

6.7.1. Aid Architecture During the 2015 Peer Review

The MFA continued to maintain its overall responsibility for Austrian development co-operation. That meant that the MFA co-ordinated and formulated related policy. It was responsible for ADA's operational and administrative budget and represented aid matters in the EU. As during the previous peer review period, aid was very fragmented with the involvement of nine governmental institutions, and the MFA had very little authority over other governmental

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[278] *OECD DAC Peer Review of Austria 2015*, p. 11

[279] *OECD DAC Peer Review of Austria 2015*, p. 14

[280] *OECD DAC Peer Review of Austria 2015*, p. 15

[281] *OECD DAC Peer Review of Austria 2015*, p. 67

[282] *OECD DAC Peer Review of Austria 2015*, p. 68

institutions' aid. The MFA directly managed only 5 percent of total ODA. As if that was not enough, the operational budget of ADA decreased from 103 million Euros in 2008 to 66 million Euros in 2012.[283] The recommendation of fine-tuning of the organization of Austria's aid system in 2009 peer review was partially implemented.[284]

Austria was committed to reduce the number of sectors and countries for more focussed aid. Peacebuilding and state building were given priorities in fragile states.[285] Support given to social infrastructures and services occupied 60 percent of the bilateral ODA of Austria between 2011-2012. Education and health were the main sectors in that support.[286]

The EU received one quarter of Austria's ODA core funding allocated for international organizations. However, predictability in contributions was again low as in other contributions.

Austria delegated some of its decision-making powers to country offices during the review period.

The EU dimension gained importance during the review period. The MFA observed the EU development agenda and tried to influence its shaping, too.[287]

There was no big change regarding the legal make-up of the development co-operation system of Austria during the review period. The Division VII of the MFA continued to keep its overall responsibility for development co-operation. However, its formal authority over other ministries regarding development co-operation was minimal as before. The other ministries operated

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[283] *OECD DAC Peer Review of Austria 2015*, p. 17

[284] *OECD DAC Peer Review of Austria 2015*, p. 86

[285] *OECD DAC Peer Review of Austria 2015*, p. 15

[286] *OECD DAC Peer Review of Austria 2015*, p. 18

[287] *OECD DAC Peer Review of Austria 2015*, p. 35

independently with separate mandates and discretionary powers[288] That is why the peer review team suggested that Austria adopts a whole-of-government approach at the country level.[289]

According to the terms agreed upon in Busan, Austria handed over programming authority in the co-operation countries to field offices. ADA field offices began to prepare country strategies alongside that development.

6.7.1.1. Policy Coherence for Development

Policy coherence for development continued to be one of the objectives of Austria and it was in the government's Work Programme 2013-2018. Environment and security were identified by Austria as priority objectives for policy coherence. The Austrian Cabinet also ratified cross-ministerial strategic guidelines.[290]

Even though the Federal Ministry for Europe, Integration and Foreign Affairs (MFA) had the overall responsibility for policy coherence according to the Federal Act on Development Co-operation, the problem of non-existence of clear procedures, mechanisms and adequate human resources could not be solved in this term either. Moreover, policy incoherence in this area was not tackled either.[291]

So, in the final analysis, the DAC team found that their suggestion for deepening commitment and moving forward on policy coherence for development was partially implemented. The suggestion for the preparation of a white paper including a medium-term development policy was also partially implemented.[292]

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[288] *OECD DAC Peer Review of Austria 2015*, p. 51

[289] *OECD DAC Peer Review of Austria 2015*, p. 52

[290] *OECD DAC Peer Review of Austria 2015*, p. 14

[291] *OECD DAC Peer Review of Austria 2015*, p. 14

[292] *OECD DAC Peer Review of Austria 2015*, p. 85

6.7.1.2. The Three-Year Programme for The Years 2013-2015

Poverty reduction and pro-poor economic growth were at the heart of the Three-Year Programme 2013-2015. Moreover, it reaffirmed Austria's commitment to the 0.7 percent ODA/GNI target, the MDGs and the Busan Partnership for Effective Development Co-operation.[293]

When allocating resources, the Three-Year Programme 2013-2015 envisaged to allocate resources to the Least Developed Countries (LDCs), European neighbours and fragile states. However, it was not clear how that allocation would be made, at what percentages or amounts. That is to say, the allocation criteria were not very clear. That led to a low level of predictability.[294] Even though it was suggested, Austria did not develop a specific plan containing annual targets for reaching its commitments during the peer review period.[295]

Even though plans were ambitious, the top recipients of the Austrian bilateral ODA were determined by debt relief operations, in-country refugee costs and imputed student expenditures.[296]

6.7.2. Issues Raised in the 2015 Peer Review

6.7.2.1. The ODA Volume and the 0.7 Percent Threshold

The effects of debt relief disappeared between 2009 and 2015. The debt relief was exceptionally high between 2005 and 2008. However, the ODA declined enormously after these years. Austria's net ODA/GNI ratio was 0.28 percent in 2013 with 1.2 billion USD.[297]

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[293] *OECD DAC Peer Review of Austria 2015*, p. 34

[294] *OECD DAC Peer Review of Austria 2015*, p. 34

[295] *OECD DAC Peer Review of Austria 2015*, p. 86

[296] *OECD DAC Peer Review of Austria 2015*, p. 35

[297] *OECD DAC Peer Review of Austria 2015*, p. 16

Even though the ODA level declined, the Austrian authorities' stance on giving the 0.7 percent of GNI as ODA target remained the same during the review time. Moreover, country programmable aid remained at 15 percent in comparison to 55 percent in the other DAC countries in 2012.

Even though the 2009 peer review asked Austria not to rely on debt relief much for meeting its ODA commitments, that tendency continued in the new peer review term, too.[298] The Peer review team also asked Austria to prepare a time-bound roadmap for reaching the 0.7 percent ODA/GNI target.[299] However, neither this suggestion nor the suggestion to keep the interim target of 0.51 percent ODA in 2010 were implemented in the new peer review period.[300]

6.7.2.2. Poverty Reduction

Poverty reduction was in the focus of all legal documents during the term. The LDCs, European neighbours and fragile states were given priority in the Three-Year Programme 2013-2015. However, there were no resource allocation criteria for these countries. Therefore, it was very difficult to predict aid for them.[301]

Even though poverty reduction was one of the strong aims of the Austrian development co-operation, Austrian ODA allocated for the LDCs declined further in the peer review term.[302]

6.7.2.3. Allocating Official Development Assistance of Austria

The Austrian Development Bank became a prominent player among the Austrian development institutions. It promoted private investment to support development efforts in partner countries.[303]

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[298] *OECD DAC Peer Review of Austria 2015*, p. 16

[299] *OECD DAC Peer Review of Austria 2015*, p. 18

[300] *OECD DAC Peer Review of Austria 2015*, p. 85

[301] *OECD DAC Peer Review of Austria 2015*, p. 15

[302] *OECD DAC Peer Review of Austria 2015*, p. 18

[303] *OECD DAC Peer Review of Austria 2015*, p. 53

6.7.2.4. Human Resources

Problems of human resources such as recruiting the right staff and keeping them in the system continued to remain a challenge in the review period. It was a challenge to see the work of development co-operation as a career path, too. The peer review team suggested easing of staff exchanges and rotations between different institutions in the development co-operation area.[304]

Strangely enough, the number of experts at the headquarters and field offices of ADA decreased in the review period.[305]

6.7.2.5. Using Country Systems

Using country systems is one of the principles of the Paris aid effectiveness. It necessitates alignment with the partner countries' priorities and the use of their institutions. One dimension of this is to record international aid to partner countries' budgets. Only 21 percent of Austria's scheduled aid was in this category. Austria heavily relied upon project-based assistance in this regard which was contrary to using country systems.[306]

6.7.2.6. Decreasing Level of Untied Aid

High level of debt forgiveness led to higher rates of untied aid. Whereas the DAC average of untied aid was 88 percent in 2012, Austria's untied aid average was 77 percent in the same year. Overall untied aid also fell from 58 percent in 2010 to 37 percent.[307]

6.7.2.7. Aid Predictability

Austria had given aid predictability a boost since the last review. A multi-year ODA forecast for the period 2011-2014 was issued alongside a four-year national budget framework in 2010. Alignment with partner country development strategies also increased during the same term.[308]

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[304] *OECD DAC Peer Review of Austria 2015*, p. 53

[305] *OECD DAC Peer Review of Austria 2015*, p. 54

[306] *OECD DAC Peer Review of Austria 2015*, p. 60

[307] *OECD DAC Peer Review of Austria 2015*, p. 61

During the review period, only three priority partner countries had the chance to know what they could expect from Austria as ODA. The review team suggested the increase of that number so as to include all priority partner countries.[309]

6.7.3. Field Visit to Moldova as A Case Study of Austria's ODA

Austria had started its bilateral co-operation programme in Moldova in 2001.[310] Different from the Country Strategy for Moldova 2011-2015, the Three-Year Programme on Austrian Development Policy 2013-2015 provided the basis for engagement in Moldova for Austria.[311]

Moldova was chosen by the DAC as a case study for considering Austria's ODA during the peer review term of 2009 and 2014. The team of examiners visited Moldova in June 2014. They met with Austrian development professionals and Moldovan civil servants, other bilateral and multilateral partners there.

As of 2024, Moldova is the second poorest country in Europe with 7.488 USD GDP per capita income after Ukraine. Its rank on the Human Development Indices was the 76th in the world in 2022.[312] At the time of the peer review, these numbers were lower. It had a GDP per capita of USD 3.368 in 2012 with a population of 3.6 millions.[313]

In terms of poverty reduction, Moldova was very successful, and both the national poverty and extreme poverty rates decreased to 16.6 percent and 0.6 percent in 2012 from 30.2 percent and 4.5 percent in 2006 respectively. International ODA played an important role in this success as

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308 *OECD DAC Peer Review of Austria 2015*, p. 59

309 *OECD DAC Peer Review of Austria 2015*, p. 59

310 *OECD DAC Peer Review of Austria 2015*, p. 99

311 *OECD DAC Peer Review of Austria 2015*, p. 99

312 Wikipedia (2024), "*Moldova*", https://en.wikipedia.org/wiki/Moldova (Accessed in January 2024)

313 *OECD DAC Peer Review of Austria 2015*, p. 97

Moldova received 470 millions USD in 2010, 464 millions USD in 2011 and 473 millions in 2012 as ODAs.[314]

Moldova was one of the EU's Eastern Partnership Initiative countries in the review period. Moreover, Moldova was designated as a priority country by Austria for Austrian Development Co-operation due to its geographical proximity and historical ties to Austria.[315] As a result, Moldova became Austria's ninth receiver of its ODA with USD 3.9 millions on average, between 2011 and 2012. Austria mainly concentrated on its two priority sectors, namely water supply and sanitation and vocational education and training.[316]

The DAC review team found that the ADC office had enough decentralised authority, flexibility and co-operation with the local authorities to meet the country's needs sufficiently.[317] However, there was no whole-of-government approach for the activities of other Austrian institutions except ADA in the country strategy for Moldova for the years 2011-2015 that Austria had prepared. The DAC team suggested the designation of the head of the ADC office as the co-ordinator of all official Austrian aid.[318] Moreover the use of country systems was found weak. That is why the team suggested using Moldova's national systems.[319]

6.7.4. The 2015 Peer Review Recommendations

The DAC peer review team had made recommendations on 15 different topics in the 2009 peer review report. The recommendation regarding results, transparency and accountability was fully

[314] *OECD DAC Peer Review of Austria 2015*, p. 97

[315] *OECD DAC Peer Review of Austria 2015*, p. 98

[316] *OECD DAC Peer Review of Austria 2015*, p. 100

[317] *OECD DAC Peer Review of Austria 2015*, p. 85

[318] *OECD DAC Peer Review of Austria 2015*, p. 98

[319] *OECD DAC Peer Review of Austria 2015*, p. 103

implemented. Most of the recommendations were partially implemented. The three suggestions regarding ODA allocations and humanitarian assistance were not implemented at all.[320]

In order to use evaluations as management tools, senior management needed to follow recommendations in the evaluation reports. To ensure that, the 2015 Peer Review recommended setting up an evaluation committee under ADA's Supervisory Board.[321]

It was also found out that the Austrian aid was not transparent at the desired level.

As in many other DAC countries, people in Austria were supportive of aid and development co-operation. However, there was little interest in development issues. The peer review team criticised the absence of a strategic approach to communicating results to the public even though sharing organisation-level information was not bad.[322]

6.8. 2020 Austria Peer Review

The 2020 Peer Review of Austria is the last peer review in our study. It was conducted five years after the 2015 review. The next peer review will be held in 2027 as the examination period has been increased to once every five to six years recently.[323]

The 2020 review contains the Main Findings and Recommendations of the Development Assistance Committee and the report of the Secretariat.[324] It was prepared after nine-months of in-depth consultations in 2019 by a review team composed of peer reviewers from Ireland and the Slovak Republic. The field visit of the review was conducted in Kosovo. That is, Kosovo was chosen as a case study during the 2020 peer review.

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[320] *OECD DAC Peer Review of Austria 2015*, p. 88

[321] *OECD DAC Peer Review of Austria 2015*, p. 69

[322] *OECD DAC Peer Review of Austria 2015*, p. 72

[323] OECD DAC (5 March 2024) Mid-Term Review of Austria, DCD/DAC/AR(2024)3/2, https://one.oecd.org/document/DCD/DAC/AR(2024)3/2/en/pdf (Accessed on 30 March 2024) [Hereafter: *OECD DAC Mid-Term Review of Austria 2024*]

[324] See the annex.

The DAC peer review team found that 73 percent of the 2015 peer review recommendations were partially implemented whereas 16 percent were fully implemented.[325]

Peace, security, and environmental sustainability were important issues for Austria during the review. Higher education, water, energy and agriculture were the sectors Austria had a relative advantage, that is, its projects in these areas were better than many other projects offered by other donors. That is why Austria's work in these sectors were much appreciated by its partners especially in the eleven priority countries.[326]

As we take into consideration all aid and peer reviews of Austria since 1993, we can see the progress Austria has made in the development cooperation area and still persisting shortcomings. As the Table 3 in the Annex below taken from the 2020 Peer Review of Austria already indicates, out of 19 recommendations in the 2015 peer review, only three recommendations were fully implemented, while 14 recommendations were partially implemented, and two recommendations were not implemented at all.[327] That shows that there are still many recommendations left to be implemented in the coming years.

6.8.1. Aid Architecture During the 2020 Peer Review

There was no big change in the aid architecture of Austria during the peer review period as the law determining the system was enacted in 2002 and modified in 2003. That is, the Ministry for Europe, Integration and Foreign Affairs (MFA) managed a relatively complex system of development co-operation, set development policy and managed the Foreign Disaster Fund of Austria. ADA, established in Vienna in 2004, remained as the operational unit of Austrian Development Co-operation (ADC). ADA had 11 ADC Co-ordination Offices in Africa, Asia and

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[325] See, OECD (2020), *OECD Development Co-operation Peer Reviews: Austria 2020* (Paris: OECD Publishing) https://doi.org/10.1787/03b626d5-en. [Hereafter: *OECD DAC Peer Review of Austria 2020*], p. 12

[326] *OECD DAC Peer Review of Austria 2020*, p. 18

[327] *OECD DAC Peer Review of Austria 2020*, p. 104

Eastern Europe as of 2019.[328] With the advice and recommendations in the previous peer reviews, ADA further developed its systems and processes.

The Federal Ministry of Finance continued to make core contributions to multilateral organisations. The Development Bank of Austria (OeEB) and the Oesterreichische Kontrollbank AG (OeKB) remained under the oversight of the Ministry of Finance. The federal ministries like the Ministry of Sustainability and Tourism (MST), the Ministry of Education, Science and Research, the Ministry of Defence, the Ministry of Interior and the Federal Chancellery were also involved in development co-operation activities as well as the Federal States (Bundesländer).[329]

Multilateralism was strongly followed by Austria. Austria has long supported the presence of multilateral organisations in Vienna. For instance, 59 percent of the Austrian ODA went to multilateral organisations as core contributions in 2018.[330] This percentage was 26 for the DAC average. While contributions to the EU development co-operation and the United Nations system were made by the MFA, the Ministry of Finance managed the rest of the funds.[331]

The problem with Austrian aid was that most ODA was not programmed with partner countries. Even though the DAC country average was 48 percent, Austria's bilateral country programmable aid increased only from 8.5 percent in 2015 to 13 percent in 2017.[332]

6.8.1.1. Policy Coherence for Sustainable Development

Internal policies adopted inside a country and external development policies should support each other. That is, Austria's own policies should be coherent with the 2030 Agenda for Sustainable

[328] *OECD DAC Peer Review of Austria 2020*, p. 4

[329] *OECD DAC Peer Review of Austria 2020*, p. 11

[330] *OECD DAC Peer Review of Austria 2020*, p. 17

[331] *OECD DAC Peer Review of Austria 2020*, pp. 53-54

[332] *OECD DAC Peer Review of Austria 2020*, p. 19

Development in developing countries.[333] Even though this mentality is available in the Federal Development Co-operation Act of 2003, there is still no system in Austria to ensure policy coherence for development.[334] That is to say, Austria doesn't have a system to assess whether draft, proposed and existing policies and regulations create problems for the sustainable development aspirations of the developing countries.[335]

The fragmented nature of Austria's development co-operation system continued in this period, too. A more coherent whole-of-government approach was not fully available in priority countries.[336]

We need to mention one change in the legislation regarding policy coherence during the peer review term. It must have been the result of previous peer reviews' recommendations. The Federal Ministries Act of 1986 was amended in 2018 and it required all ministries to take points of view important to the Federal Government of Austria into account.[337]

As the MFA was not solely responsible or accountable for implementation of all of Austria's ODA, absence of co-ordinated implementation led to fragmentation as in the previous peer review periods. Only 27 percent of Austria's overall bilateral ODA budget was spent by the ADC.[338] The European Union institutions and the World Bank received almost half of Austria's total ODA.[339]

To strengthen coherence, the DAC team suggested empowering a focal point or institution to search for policy coherence for development as well as finding sources of incoherence in the

[333] *OECD DAC Peer Review of Austria 2020*, p. 50

[334] *OECD DAC Peer Review of Austria 2020*, p. 22

[335] *OECD DAC Peer Review of Austria 2020*, p. 27

[336] *OECD DAC Peer Review of Austria 2020*, p. 13

[337] *OECD DAC Peer Review of Austria 2020*, p. 27

[338] *OECD DAC Peer Review of Austria 2020*, p. 18

[339] *OECD DAC Peer Review of Austria 2020*, p. 48

system.[340] Moreover they suggested presenting an annual report on policy coherence to the Austrian Parliament to increase political engagement.[341]

6.8.1.2. The Three-Year Programmes on Austrian Development Policy in 2016 and 2019

In the review period, there were two Three-Year Programmes. The first one was issued in 2016 for the years 2016, 2017 and 2018 under the banner "*The future needs development. Development needs a future*".[342] The second three-year programme was issued in 2019 for the years 2019, 2020 and 2021 under the banner of "*Working together. For our world*".[343]

Both of the Three-Year Programmes contain the same 11 priority countries and territories. Nevertheless, these 11 priority countries did not receive most of the ODA during the same years.[344] In terms of thematic priority areas, the Three-Year Programme of 2019 contained eradicating poverty; sustainable economic development; protecting and preserving the environment; commitment to peace and security; and building inclusive societies and promoting women as thematic priority areas.[345] Among the thematic priority areas, there was no priorisation. That was problematic. Moreover, equal rights for women and promoting their development and development co-operation and migration were declared as focus areas in the Three-Year Programmes. The problem of prioritisation was tried to be solved by the Austrian Council of Ministers with the issuance of the cross-ministerial guidelines on environment and development in 2009 and security and development in 2011.[346]

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[340] *OECD DAC Peer Review of Austria 2020*, p. 22, 28

[341] *OECD DAC Peer Review of Austria 2020*, p. 28

[342] See, MFA (2016), *The Three Year Programme on Austrian Development Policy 2016-2018*, https://www.entwicklung.at/fileadmin/user_upload/Dokumente/Publikationen/3_JP/Englisch/2016-2018_3-YP.pdf (Accessed in January 2022) [Hereafter, *MFA, The Three Year Programme 2016-2020*]

[343] *OECD DAC Peer Review of Austria 2020*, p. 39

[344] *OECD DAC Peer Review of Austria 2020*, p. 28

[345] *OECD DAC Peer Review of Austria 2020*, p. 39

[346] *OECD DAC Peer Review of Austria 2020*, p. 40

The Sustainable Development Goals, that are illuminating principles between 2015 and 2030, have been the policy vision and framework for Austria in the new Three-Year Programmes of Austria.[347] Moreover environment and gender have become priority cross-cutting issues in Austrian development co-operation. A network of gender focal points in Austria and in country offices helped this matter enormously.

The Three-Year Programmes were prepared by having the strategy of whole-of-government with the involvement of all relevant ministries, and active participation of business and industry, the academic and civil society.[348]

The DAC team found the last Three-Year Programme 2019 less detailed than its predecessors. For instance, it does not contain information regarding Austria's multilateral co-operation and bilateral co-operation delivered outside Austrian Development Co-operation.[349] However, it refers to Austria's five thematic priorities to the 2030 Agenda for Sustainable Development and its concentration on leaving no one behind.[350]

6.8.2. Issues Raised in the 2020 Peer Review

6.8.2.1. The International ODA Commitments and the 0.7 Percent Volume Threshold

One of the key challenges of the Austrian Development Co-operation has been related to the ODA/GNI level. Even though Austria promised many times in various settings and international conferences, it could not reach the 0.7 percent ratio it promised. During the review period, Austria could neither allocate 0.7 percent of its GNI to ODA and could nor allocate 0.15 percent of its GNI as ODA for the LDCs. This period also witnessed the worst decline of ODA since

[347] See, MFA (2019), *Working Together for Our World. The Three-Year Programme on Austrian Development Policy 2019-2021*, https://www.entwicklung.at/fileadmin/user_upload/Dokumente/Publikationen/3_JP/Englisch/3JP_2019-2021_EN.pdf (Accessed in January 2022) [Hereafter, *MFA, The Three-Year Programme 2019-2021*]

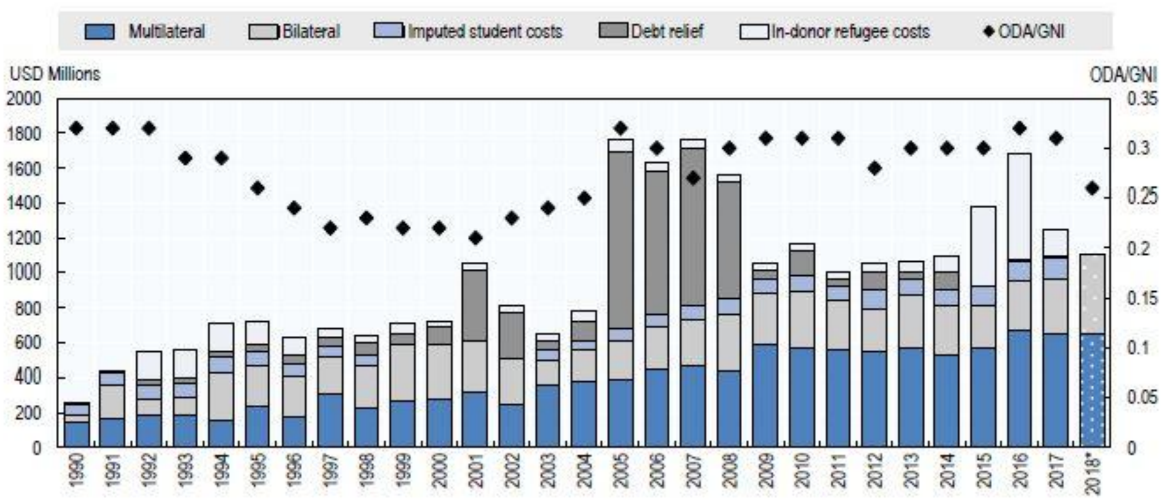
[348] *MFA, The Three-Year Programme 2019-2021*, p. 3

[349] *OECD DAC Peer Review of Austria 2020*, p. 76

[350] *OECD DAC Peer Review of Austria 2020*, p. 85

2004.[351] Austria's ODA/GNI ratio fell to 0.26 percent in 2018.[352] More than 50 percent of the ODA budget went to multilateral institutions.

Austria did not have a plan to reach its promised ODA/GNI level. Because of this fact, the DAC peer review team suggested Austria adopt an interim ODA target to meet its commitment to allocate 0.7 percent in the long term.[353]



Graphic 10: The volume and composition of Austrian ODA between 1990 and 2018[354]

6.8.2.2. The Share of ODA Implemented by the Austrian Development Agency

Out of 27 percent of the bilateral Austrian ODA in 2017, ADA was only responsible for 8.4 percent of that aid in the same year. That is to say, ADA was still not the implementing agency

[351] *OECD DAC Peer Review of Austria 2020*, p. 13

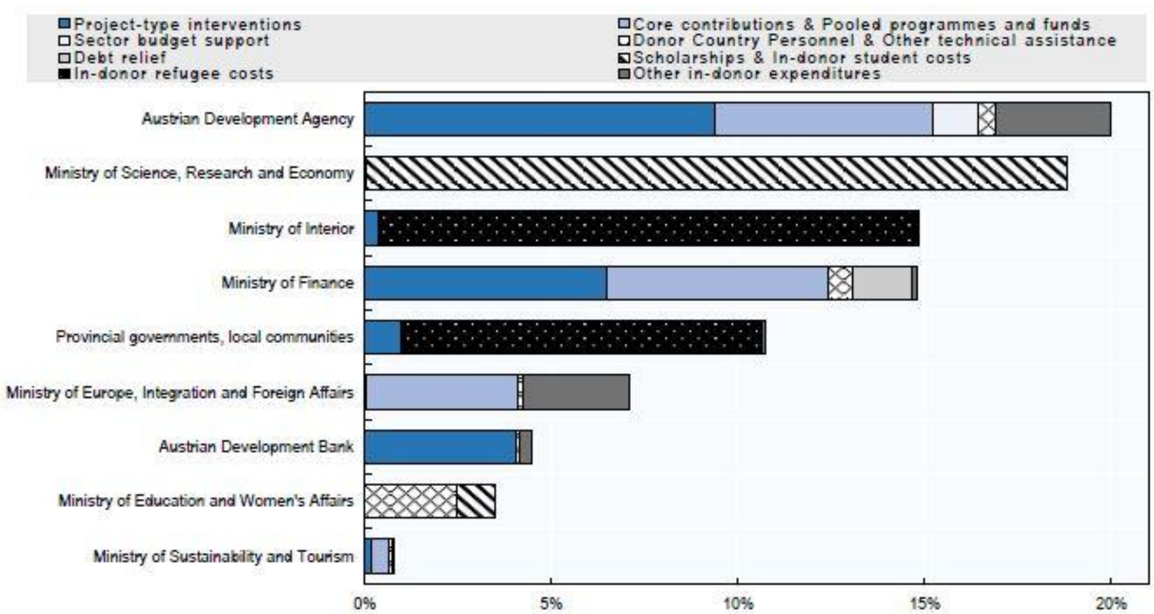
[352] *OECD DAC Peer Review of Austria 2020*, p. 21

[353] *OECD DAC Peer Review of Austria 2020*, p. 49

[354] *OECD DAC Peer Review of Austria 2020*, p. 49

of other Austrian federal ministries even though the 2003 law suggested it. That is why the peer review team suggested increasing that aid percentage.[355]

Only the aid delivered by ADA was aligned with the geographic and thematic priorities of the Austrian Development Co-operation. The remaining Austrian aid's alignment with the priorities were not very high.



Graphic 11: Contribution to the Austrian bilateral ODA by various actors in 2017[356]

6.8.2.3. Poverty Reduction

Poverty reduction has been one of the core aims of Austrian Development Co-operation due to its presence in the Act of 2002 and the Three-Year Programmes. Leaving no-one behind has been another principle followed by the Austrian Development Co-operation system due to its presence among the SDGs.[357] The least developed countries are supported due to these espoused

[355] *OECD DAC Peer Review of Austria 2020*, p. 19

[356] *OECD DAC Peer Review of Austria 2020*, p. 51

[357] *MFA, The Three-Year Programme 2019-2021*, p. 14

principles as well. The list of the priority countries is also constructed by using the poverty reduction approach.

6.8.2.4. Aligning Humanitarian Policy with Crisis Response

Austria values peace, stability, and conflict prevention a lot. It also sees a connection between security, preventing immigration and development. For securing these principles, development co-operation and humanitarian aid play important roles.[358]

While fragility is given utmost importance by Austria, and crisis regions and fragile states are recent geographical priorities, most of its official development assistance does not go to fragile states. Furthermore, bilateral ODA to fragile states declined from USD 172 millions to USD 124 millions between 2014 and 2017.[359]

In the view of DAC, humanitarian policy should be coherent, complementary and co-ordinated with a perspective to development. Previously protracted crises were not in the focus of Austria. However, they are now at the engagement of Austria. That is why the DAC peer review team suggested Austria take into account the protracted crises with a pragmatic and coherent approach.[360]

6.8.2.5. Human Resources

Over the years, Austrian development co-operation authorities established modern human resource management systems to recruit, train and keep the able staff in the ODA system. There have been improvements regarding staffing levels in ADA, in the Ministry of Finance and in the OeEB during the review period. This helped a lot for the appearance of Austria as a reliable development partner.[361]

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[358] *OECD DAC Peer Review of Austria 2020*, p. 92

[359] *OECD DAC Peer Review of Austria 2020*, p. 101

[360] *OECD DAC Peer Review of Austria 2020*, p. 22

[361] *OECD DAC Peer Review of Austria 2020*, p. 13

However, there is still a need for capacity investment across the Austrian development co-operation system as there might be some staff vacancies due to retirements in the Directorate-General for Development. In addition, local staff in the field, that is in coordination offices cannot get competitive terms and conditions of employment in comparison to other aid agencies. Due to budget restraints, they sometimes cannot get better salaries than their compatriots.[362] That sometimes lead to high staff turnout and loss of experienced staff.

That is why, the DAC peer review team suggested every Austrian actor to have a human resources action plan for effective and efficient co-operation.[363]

6.8.2.6. Leadership in the Approach to the 2030 Agenda

The 2030 Agenda for Sustainable Development is seen by the Austrian Government as something to be implemented in its inter-ministerial strategic guidelines of 2009, 2011, 2016 and 2017 on environment and development. However, Austria did not develop any mandate for a national implementation strategy or mechanism. Even though all ministries were responsible for implementing SDGs in their policies, strategies and programmes, only the Federal Ministry of Sustainability and Tourism developed an action plan.[364] Moreover the nine Länder, local communities or other stakeholders did not have a structured mechanism for implementing the 2030 Agenda.

That is why the DAC peer review team suggested Austria establish such a structured mechanism for the 2030 Agenda.

6.8.2.7. Development Education and Public Relations

It is important to have public support for any public policy pursued in a democratic country. This is also valid for development co-operation. In order to get public support, raising public awareness for development is necessary. In Austria, ADA is responsible for development

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[362] *OECD DAC Peer Review of Austria 2020*, p. 21

[363] *OECD DAC Peer Review of Austria 2020*, p. 21

[364] *OECD DAC Peer Review of Austria 2020*, p. 27

communication and education. Other Austrian institutions are also involved in this endeavour. Approximately 4.2 million Euros had been allocated annually for this purpose between 2010 and 2017.[365]

When the link between official development assistance and reducing migration was revealed by the Austrian Government, there appeared a slight increase in the support by the Austrian public for the official development assistance in the Eurobarometer polls.

The DAC peer review team found this approach problematic and unsustainable and suggested linking official development assistance with sustainable development goals. They also suggested having a strategic plan so as to involve high-level political participation and civil society.[366]

6.8.2.8. Principles of Engagement with Partner Countries

The relations with the developing countries were to be developed on the principles of ownership of development priorities by developing countries; a focus on results; mutual accountability; inclusive development partnerships; and transparency as outlined in the Three-Year Programme 2019-2021. That is, on the basis of effective development co-operation. The Three-Year Programme also mentions openness, trust, and mutual respect. Objectives of partner countries and regions, their specific conditions for development and the needs of the populations were other principles adhered to by the Austrian Development Co-operation.[367]

Effective development co-operation needs to be based on ownership, mutual accountability, and inclusion. The Three-Year Programme also stipulates that.[368] Austria also espouses strengthening partner systems, that is using country systems.

The peer review team found that Austria used partner government systems very rarely. Instead of a multi stake-holder approach, Austrian institutions mostly engaged directly with development

[365] *OECD DAC Peer Review of Austria 2020*, p. 29

[366] *OECD DAC Peer Review of Austria 2020*, p. 29

[367] *MFA, The Three-Year Programme 2019-2021*, p. 6

[368] *OECD DAC Peer Review of Austria 2020*, p. 46

actors. Moreover, Austria needed to do more to be predictable, transparent, and accountable to partner countries.[369]

6.8.2.9. Fluctuating Levels of Untied Aid

Austrian aid continued to be tied for many years. That is why the DAC peer review teams recommended Austria to decrease the proportion of it in various peer reviews. Even though the tied aid ratio declined from 63.6 percent in 2015 to 49.9 percent in 2016, Austria's untied aid performance had been one the worst among the DAC members. The DAC average of untied aid was 82.1 percent in 2018. Austria's performance also fluctuated from year to year. Imputed students' costs constituted half of the untied aid.[370]

In order to have good value for money, untying aid is needed. Because of this, the DAC suggested prioritising untied aid with a view to development as the primary objective.[371]

6.8.2.10. Evaluation

One of the reasons for evaluation is to make it part of institutional learning. Fragmented nature of Austrian development co-operation makes things difficult. However, the good thing is that ADA management follows all the recommendations systematically according to the DAC peer review report.[372]

Evaluation was strengthened during the review period. A comprehensive, inter-ministerial evaluation policy was created for five key development actors. Austria's evaluation criteria for its projects and programmes were based on relevance, effectiveness, coherence, impact and sustainability in line with the DAC criteria.[373]

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[369] *OECD DAC Peer Review of Austria 2020*, pp. 74-75

[370] *OECD DAC Peer Review of Austria 2020*, p. 49

[371] *OECD DAC Peer Review of Austria 2020*, p. 22

[372] *OECD DAC Peer Review of Austria 2020*, p. 87

[373] *OECD DAC Peer Review of Austria 2020*, p. 86

In order to establish public support for ODA, the DAC peer review team suggested more transparency, better use of results information and evaluation findings. Even though ADA publishes evaluation reports and summaries of findings, other governmental actors involved in the ODA, do not do so. That is why the DAC recommended the other governmental actors to do the same.[374]

Moreover, the DAC team suggested Austria give the full picture of ODA instead of project details. That is, how ODA contributes to sustainable development and receives more public support.

6.8.2.11. Migration and Development

As in many Western countries, migration has become a hotly contested issue in Austria. It had some development co-operation ramifications as well. Development co-operation is seen as one of the ways to curb migration from the source countries. It is generally believed that if the origins of the migrants are in good economic, social, political order and there is rule of law in those countries, there would be little incentive for the local people to migrate. That is why it was/is important to see the realisation of the Millennium Development Goals and Sustainable Development Goals. However, the impact of seven decades of development co-operation has been highly controversial in this regard.

The Three-Year Programme on Austrian Development Policy 2019-2021 considers development co-operation as "a means of advancing Austria's rational self-interest[375] by alleviating the causes of irregular migration and forced displacement".[376]

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[374] *OECD DAC Peer Review of Austria 2020,* pp. 19-20

[375] 'Rational self-interest' in economics is a theory that suggest that two parties will make voluntary exchanges that will improve the status of each party. See "Rational Self-Interest | Definition, Theory & Analysis" https://study.com/academy/lesson/the-role-of-rational-self-interest-in-economic-analysis.html (Accessed on 12.09.2024)

[376] MFA (2019), *Working Together for Our World. The Three-Year Programme on Austrian Development Policy 2019-2021*, https://www.entwicklung.at/fileadmin/user_upload/Dokumente/Publikationen/3_JP/Englisch/3JP_2019-2021_EN.pdf (Accessed in January 2022), p. 4 [Hereafter, *MFA, The Three Year Programme 2019-2021*]

With 10.3 asylum seekers for every 1000 inhabitants and 16 percent of its population not born in Austria,[377] regular and irregular migration are linked to national security in Austria as in many other European Countries. Even though Austria had highly organised refugee integration measures, it began to restrict those measures contrary to its international commitments. That is why the DAC peer review team suggested Austria to turn back to the old measures Austria applied like granting residence permits easily and access to citizenship for recognized refugees.[378]

6.8.3 Field Visit to Kosovo as a Case Study of Austria's ODA

The Republic of Kosovo is the newest recognised country - though not by all UN Members - in the centre of the Balkans. As of 1st June 2024, 104 UN members out of 193 recognised Kosovo as a state. Austria recognized Kosovo's independence on 28 February 2008, that is, just 11 days after Kosovo had declared its independence unilaterally. 22 out of 27 European Union member states recognised Kosovo as a state as of the 1st of June, 2024.[379]

Kosovo, mainly inhabited by ethnic Albanians, was an autonomous part of Serbia for a long time and Serbia was also one of the constituent republics of ex-Yugoslavia. After an acrimonious break-up of Serbia and Kosovo through NATO intervention in 1999, Kosovo, while formally remaining under Serbian sovereignty, was put under UN administration until a final settlement could be reached. So, Kosovo could not have normal relations with Serbia until the intervention of the EU in April 2013. Several agreements were done through the EU-facilitated talks. Even though Serbia has not yet recognised Kosovo's independence, both countries agree not to block each other's accession to the EU. They want to become EU members simultaneously.

Economically, Kosovo is one of the poorest countries in Europe with its current 1.6 million population. Per capita income is USD 6.389 nominally in 2024. At the time of the peer review,

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[377] *OECD DAC Peer Review of Austria 2020*, p. 26

[378] *OECD DAC Peer Review of Austria 2020*, p. 27

[379] Wikipedia (1 June 2024), "*International recognition of Kosovo*", https://en.wikipedia.org/wiki/International_recognition_of_Kosovo (Accessed on 1st June, 2024)

Kosovo had a lower middle-income status and its Human Development Index was among the lowest in the Western Balkans region.[380]

As in many other newly formed states, there have been many structural difficulties such as large infrastructure insufficiency; low labour-force participation; high youth unemployment; unreliable energy supply; informality; growing state capture; political interference, corruption and non-merit-based appointments in higher education and bureaucracy.[381]

The good thing about Kosovo was that it had a European Union membership perspective with the signing of the Stabilization and Association Agreement with the EU in 2015. That has provided enormous impetus for a change positively.

The DAC peer review team visited Kosovo in June 2019 and met with Austria's Ambassador to Kosovo and the Head of the Austrian Co-ordination Office and local officials there.[382] Since the break-up of Yugoslavia, Austrian diplomacy had concentrated in the Balkans and in Eastern Europe. As one of the countries found in the Balkans, Kosovo was already chosen as one of the 11 priority countries of Austria at the time of visit. Austria opened its liaison office in Pristina in 2003 and co-ordination office in 2008 and its embassy in 2009.

At the time of the peer review, Kosovo had received one of the highest per capita ODA in the world. For instance, the share of ODA was 5.4 percent in the gross national income of Kosovo in 2017.[383] While the European Union was the biggest donor in Kosovo with USD 157 million between 2016 and 2017 on average annually, Austria was also among the top 10 donors in Kosovo with its annual USD 8 millions. The ODA figures of Austria to Kosovo in constant prices were USD 8.522 millions in 2015; USD 9.501 millions in 2016; USD 8.717 millions in

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[380] *OECD DAC Peer Review of Austria 2020*, p. 114

[381] *OECD DAC Peer Review of Austria 2020*, p. 114

[382] *OECD DAC Peer Review of Austria 2020*, p. 114

[383] *OECD DAC Peer Review of Austria 2020*, p. 115

2017; USD 8.606 millions in 2018; USD 12.729 millions in 2019 and USD 10.523 millions in 2020.[384]

As Kosovo was a new state, part of the much-needed help was in state-building. So, Austria had supported development, European perspective and state-building efforts of Kosovo as part of enhancing Austria's foreign policy in the Balkans.[385] Due to its proximity to Kosovo, Austria was seen as a well-placed donor by the DAC as well.[386]

The ADC Kosovo Country Strategy in 2013 refers to aid and development effectiveness principles. Austria wants to support the building of sustainable institutions in this young and fragile country.[387] Moreover, the Austrian country strategy had concentrated on economic development focusing on rural areas; education focusing on higher education and cross-cutting themes of governance.[388] The strategy makes it clear that Austria wants to build capacity for private and public actors to facilitate and promote entrepreneurship.[389] In addition, rule of law, political and institutional protection of human rights and equal participation were seen as necessary in order to attain poverty reduction, social stability and security.[390] Austria also made it clear that it gave utmost importance to coherence. So, the needs of the partner country and close cooperation with national institutions were given importance.[391]

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[384] OECD, Data Explorer (20 July 2024), *Austria's ODA to Kosovo between 2015 and 2020*, https://data-explorer.oecd.org/vis?tm=Kosovo&pg=20&snb=45&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_CRS%40DF_CRS&df[ag]=OECD.DCD.FSD&df[vs]=1.0&dq=AUT.XKV.1000.100._T._T.D.Q._T..&to[TIME_PERIOD]=false&vw=tb&pd=2015%2C2020&ly[cl]=TIME_PERIOD (Accessed on 20.07.2024)

[385] *OECD DAC Peer Review of Austria 2020*, p. 116

[386] *OECD DAC Peer Review of Austria 2020*, p. 116

[387] ADC (2013), *Kosovo Country Strategy 2013-2020*, Austrian Development Cooperation, https://www.entwicklung.at/fileadmin/user_upload/Dokumente/Publikationen/Landesstrategien/CS_Kosovo_2013-2020_extended2021.pdf [Accessed on 1 June 2024] [Hereafter, *Austrian Kosovo Country Strategy 2013-2020*]

[388] *Austrian Kosovo Country Strategy 2013-2020*, p. 3

[389] *Austrian Kosovo Country Strategy 2013-2020*, p. 4

[390] *Austrian Kosovo Country Strategy 2013-2020*, p. 5

[391] *Austrian Kosovo Country Strategy 2013-2020*, p. 7

In its progress reports on Kosovo, the European Commission enumerated a number of areas as problematic as governance, the functioning of democratic institutions and the persistence of an informal economy.[392] Despite all the efforts of the international community, these problems seem perennial with some degree of success to overcome them.

As observed in Kosovo, implementing partners appreciate the flexibility and the close, constructive collaboration shown by the staff of the Austrian Co-ordination Office and the Austrian Development Agency.[393] That is, Kosovo appreciates Austria as a committed, longstanding, and predictable partner.[394]

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[392] See the last progress report on Kosovo, European Commission (2023), *Kosovo 2023 Report* (Brussels: European Commission) https://neighbourhood-enlargement.ec.europa.eu/document/download/85bb4cd1-fbe1-47b3-8914-7f606f1ede37_en?filename=20190529-kosovo-report.pdf (Accessed on 1 July 2024)

[393] *OECD DAC Peer Review of Austria 2020*, p. 74

[394] *OECD DAC Peer Review of Austria 2020*, p. 117

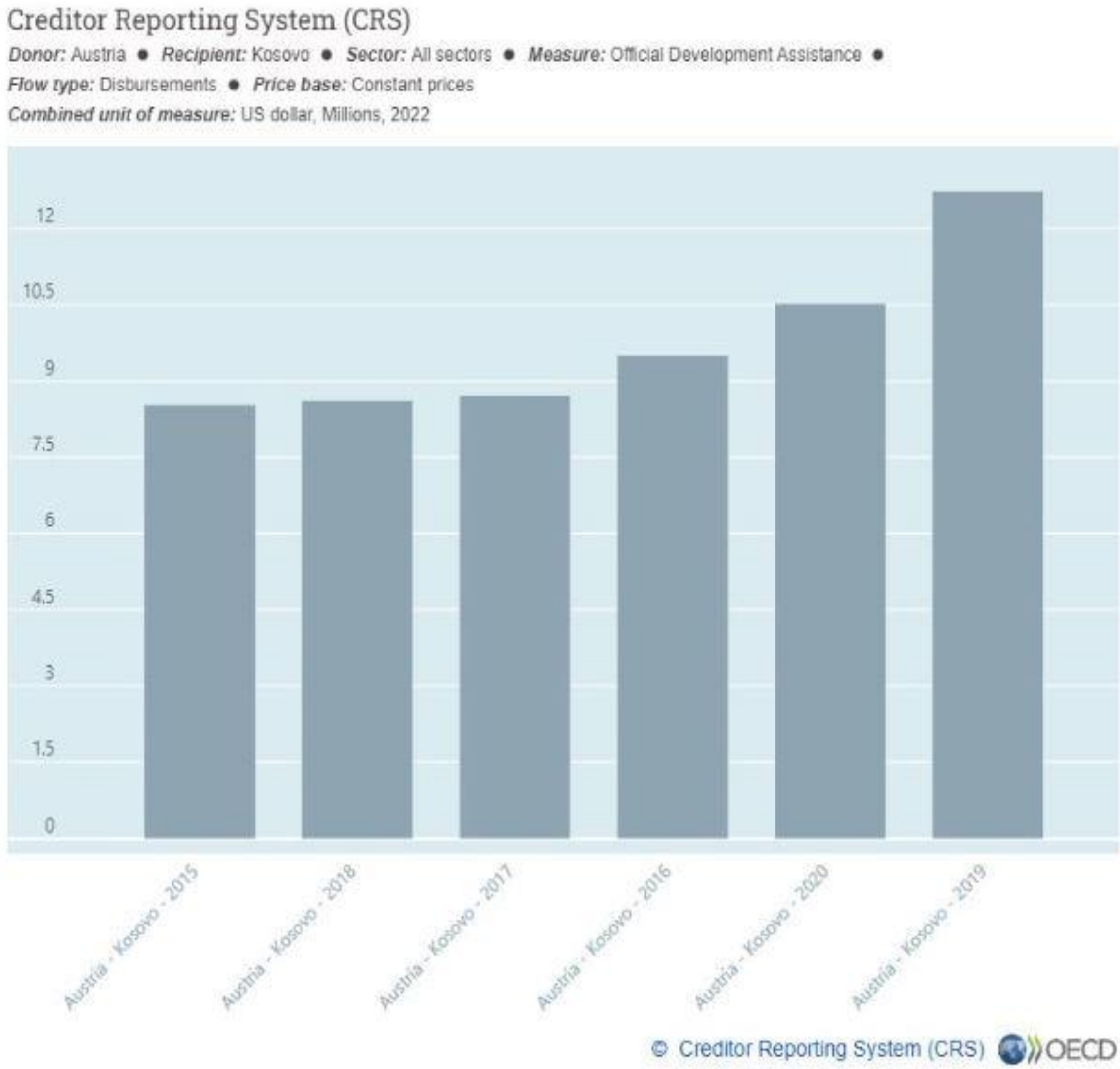

Table 2: Austria's ODA to Kosovo between 2015 and 2020[395]

As there were many Austrian stakeholders involved in Kosovo, achieving a whole-of-government approach proved to be very challenging for the Austrian partners. Austrian stakeholders in Kosovo consisted of the Ministry of Europe, Integration and Foreign Affairs (MFA) and Austrian Development Agency (ADA), the Federal Ministries of Finance, the

[395] OECD, Data Explorer (20 July 2024), *Austria's ODA to Kosovo between 2015 and 2020*, https://data-explorer.oecd.org/vis?tm=Kosovo&pg=20&snb=45&df[ds]=dsDisseminateFinalDMZ&df[id]=DSD_CRS%40DF_CRS&df[ag]=OECD.DCD.FSD&df[vs]=1.0&dq=AUT.XKV.1000.100._T._T.D.Q._T..&to[TIME_PERIOD]=false&vw=tb&pd=2015%2C2020&ly[cl]=TIME_PERIOD (Accessed on 20.07.2024)

Interior, Defence, and Education, Science and Research, the Federal Chancellery, and the Austrian Chamber of Commerce. They mostly kept the Austrian Embassy informed about their work.

The peer review team found that the Austrian Co-ordination Office in Kosovo had very little power of decision making. Most of the decision making was done in Vienna. That is why the team suggested decentralisation of decision making for the benefit of the co-ordination offices.[396]

6.8.4. The 2020 Peer Review Recommendations

In the DAC 2020 Peer Review, there were 11 main recommendations to Austria.

The first recommendation was about the whole-of-government approach, that is, on development policy. Austria was for a long time struggling to establish a whole-of-government approach beyond ADA and the MFA. Each single Austrian actor was responsible for the implementation of Austria's development co-operation. The co-ordination between these actors was mostly *ad hoc*. That is why the DAC peer review suggested Austria to mandate the MFA to take responsibility to have a framework of joint strategic goals, indicators, and timelines; to set out the respective contributions and roles of all ODA contributing actors; and to lead implementation of a coherent and co-ordinated approach regarding their total development co-operation efforts.[397]

The second recommendation was about country strategies. The peer review demanded Austria to show their bilateral, regional, and multilateral ODA's total contribution to sustainable development in the prepared country strategies.[398]

The third recommendation was about increasing the proportion of country programmable aid. Even though Austria advocated the dispersal of its bilateral ODA in its priority countries and

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[396] *OECD DAC Peer Review of Austria 2020*, p. 119

[397] *OECD DAC Mid-Term Review of Austria 2024*, p. 3

[398] *OECD DAC Mid-Term Review of Austria 2024*, p. 3

regions that were poorest countries and regions, Austria's country programmable aid remained very low in comparison to its gross bilateral ODA.

The fourth recommendation was regarding increasing human resources and resources of ADA to fulfil its role envisaged in its founding Act. It was suggested that staffing levels at the headquarters and abroad be increased.[399]

The fifth recommendation was regarding enhancing the public communication of Austria about its development co-operation narrative. Austria was suggested to go beyond project details and tell the public about how Austria's ODA contributes to sustainable development.[400]

The sixth recommendation was about reinforcing Austria's focus on conflict prevention. In order to achieve this, Austria was suggested to do rapid, flexible financing in fragile states and crisis situations by forming a mechanism.[401]

The seventh recommendation was regarding the management of the risk of corruption. It was suggested to gauge contextual and sector-specific risks in partner countries. This was seen as a necessary step to strengthen overall corruption risk management.[402]

The eight recommendations were about increasing each Austrian actor's resources of human capacity. The DAC peer review team suggested that they have an action plan to achieve active and efficient human resources.[403]

The ninth recommendation was related to two of the long-lasting issues of the ODA level and untying of aid. Even though Austria had many times promised to attain a 0.7 percent target for its ODA, it could not get there. There were also problems regarding untying of aid. Therefore, the

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[399] *OECD DAC Mid-Term Review of Austria 2024*, p. 3

[400] *OECD DAC Mid-Term Review of Austria 2024*, p. 4

[401] *OECD DAC Mid-Term Review of Austria 2024*, p. 4

[402] *OECD DAC Mid-Term Review of Austria 2024*, p. 4

[403] *OECD DAC Mid-Term Review of Austria 2024*, p. 4

DAC peer review team asked Austria to set interim targets regarding the ODA volume; increase the proportion of untied aid and make the development primary objective of the given aid.[404]

The tenth recommendation was about policy coherence for sustainable development. As Austria did not have a mechanism in place to tackle the issues of policy coherence, the DAC peer review team advised Austria to establish and fund a focal point or institution to deal with the issues of policy coherence for development. This focal point or institution was expected to develop an action plan to deal with areas of incoherence.[405]

The eleventh and last recommendation was regarding humanitarian policy and strategy. Austria had a humanitarian strategy, but it was outdated. It did not reflect the current events in the international arena. That is why the DAC peer review team asked Austria to update its humanitarian policy so as to show a pragmatic and coherent approach in lasting crises.[406]

As the next peer review on Austria will be done in 2027, all these recommendations will be checked by then.

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[404] *OECD DAC Mid-Term Review of Austria 2024*, p. 4

[405] *OECD DAC Mid-Term Review of Austria 2024*, p. 4

[406] *OECD DAC Mid-Term Review of Austria 2024*, p. 4

7. THE INTERVIEW CONDUCTED WITH THE HEAD OF EVALUATIONS AND STATISTICS, OF THE AUSTRIAN DEVELOPMENT AGENCY

After studying the subject matter of my dissertation, a lot of questions came to my mind that needed to be answered by the people in charge. Therefore, I contacted the Austrian Development Agency to address some of my questions on the matter. Since there was the Covid-19 pandemic at that time, ADA arranged for me to have an online interview with Sigrid Breddy who was and still is the Head of Evaluation and Statistics at the Austrian Development Agency as of July 2024. The interview was done on 4 February 2021. The answers were so relevant and objective that I did not want this interview to be placed at the end of the dissertation as an annex. So, I placed it inside the main body of my thesis. The interview was done in English in Vienna by the researcher, Mehmet Turan Sahin. Here is the interview.

Interview with Sigrid Breddy, the Head of Evaluations and Statistics at ADA on 4 February 2021

Question 1: How do the DAC Peer Reviews affect the Development Architecture of Austria?

The development architecture in Austria is quite complex. As there are multiple actors from the ministry of Foreign Affairs, ADA and there are also Federal States (Bundesländer). It is actually a very complex and fragmented system of development architecture. I am sure you would have looked at the ODA pie of Austria which shows that the Austrian Development Agency and the Ministry of Foreign Affairs jointly only provided a small portion in the last year of 2019. It was like 15-16 percent of the entire Austrian ODA. The ministry of Finance is a very large partner because that is where we have all the contributions to multilateral institutions. Just to say it is very complex and a very fragmented system or architecture in Austria.

Your question is how did these DAC Peer Reviews affect the architecture of Austria? I do not think that it has changed. I do not think that it has had any impact on the architecture per se. I don't think that there was a change in terms of hierarchy or in reporting structures. There are all kinds of individual actors. The Ministries have certain agencies under their supervision. For instance, as ADA we work with the MFA and the Austrian Development Bank works with the Ministry of Finance but there has (sic!) been no formal changes in this architecture as far that I am aware of but when you look within the agencies, if you look at the ADA, which is where I am based, then the DAC Peer Reviews have had an impact on the organisational structure within these agencies. To give you a very concrete example: I think it was the 2009 peer review, there was a recommendation to make the evaluation function within the Austrian Development Agency more independent, so this actually contributed to a change in reporting lines. Previously the evaluation unit was within the Programme and Project Department. It became a separate unit reporting to the managing director. This is just a concrete example of how recommendations from DAC Peer Reviews can affect the architecture but not in general but within one agency.

Question 2: Do you think that Austria makes good use of Peer Reviews prepared by the OECD DAC?

I think so. I do think that it is a very valuable tool, the DAC Peer Reviews. It mandates different parts of the system to embark on change. I think that overall speaking we do make good use of it although there are of course certain areas where there is less progress. You probably looked at all the DAC Peer Reviews Recommendations since 1999. There are areas when it comes for example to the percentage of ODA to GNI. This is something it comes in every DAC Peer Review as a recommendation and there has been very little progress on that but there are other areas where there has been a good process, I think that over all we do make good use of DAC Peer Reviews and instrument to change and to make our development work more effective.

Question 3: How can we critically examine Austria's development co-operation by assessing the Peer Reviews prepared by the OECD Development Assistance Committee?

I am not sure what you mean with this question because there are DAC Peer Reviews. They make analysis and recommendations. You can think that it is an honest picture of the different areas of the system because it is always structured along the same kind of clusters. It is about policy; it is about financing for development. It is the deliberate modalities, results evaluation and financing. You get a very honest assessment from externals on the system. It is actually a very critical examination.

Question 4: Why were some of the recommendations of the Peer Reviews not implemented or partially implemented?

That is a question you would need to ask those who are responsible for implementing them. It is largely to do with the fact. Let's take this recommendation of ODA per GNI. This is not something that the Ministry of Foreign Affairs or the Ministry of Finance or the Austrian Development Agency can answer alone. We would all welcome an increase in this ratio but this is a decision which goes way beyond our mandate. It is not something that we can decide, it is actually at the end of the day a political decision and how their budgets are allocated within the whole state apparatus. This is what makes it difficult. These are very high-level recommendations which are targeted at the political level which makes it difficult to see them through.

There is a parliamentary committee under the Austrian parliament who deals with development co-operation issues, there is a subcommittee in fact very much uses the DAC Peer Reviews to hold the government to account which is the function of the parliament. So, they make parliamentary inquiries related for example to the status of implementation of the recommendations. One thing you can check it. I actually went to the website to look at it again. You can see all the inquiries that were made by this committee to the government in the area of co-operation and among other things. This 0.7 ODA per GNI is an issue which is being repeatedly asked and put forward. There is a discourse that parliament uses the recommendations but decision-makers at the end of the day are at a different level.

Question 5: How do the Austrian actors, that is to say, the NGOs related with development issues, Parliament, Ministry of Foreign Affairs approach the peer reviews?

They approach them very constructively. A coordination mandate lies in the Ministry of Foreign Affairs; it is actually a periodic opportunity to bring together the diverse actors that are involved in Austria's development co-operation to get them on a table and to look through the points to discuss these issues with the national actors. The ministries as well as the civil society organisations have a very important role in the process. It's been taken in a very constructive way.

The first step is the memorandum. It is a kind of a self-assessment. It is a report by the national administration to respond to certain questions asked by the OECD. In addition to that there is a second memorandum written by AG Globale Verantwortung (AGGV) which is a kind of an umbrella organisation of civil society organisations here in Austria. We had two reports written from two different angles so to speak to lay out to portray the situation as a basis for the OECD DAC to then start making their assessment and analysis into the issues. So, I think that the peer reviews are taken in a very constructive way.

Question 6: Do you think that there is a way to improve the whole system of the DAC Peer Reviews?

Well, that is an interesting question because of course the way the system works is basically by naming and shaming. It does not really have teeth. It can't enforce the implementation of recommendations. The only thing it can do and it does is to name and shame; to compare and rank different member states when it comes to the ODA commitments.

Making these reports available publicly does contribute, it does help. It doesn't replace teeth. What it does is for example it publishes recommendations. It shows exactly the percentage of recommendations that have been implemented, partially implemented. It kind of works on that level; naming and blaming on the soft not on the hard side of being led by an international organisation. That is the only thing it can do. But I do think it is a very important instrument and a very important tool which actually is being replicated. For example, this is at the highest level but underneath the DAC you have all these subsidiary bodies that I work with, and I am engaged in two subsidiary committees: the working party on Statistics and the Evaluation Network. Just to give you an example, this idea of the DAC Peer Reviews is being replicated for the area of statistics and as well as for the evaluation where you get an in depth in these two areas where you kind of have statistical peer reviews. These reports are, by the way, published on the OECD Website where you have two member states along with a Secretariat assessing the Statistical system of another member state. It is just an in-depth focus kind of approach, but it follows the same model. It comes up with recommendations. It is meant to be a learning and improving instrument. It is very much being seen and being perceived as such. It is a very useful tool to help us further improve and get better at what we do.

Question 7: Do you think that ADA makes a good use of knowledge of OECD's knowledge reservoir?

Well, I can only speak for myself not for others in general. As I mentioned, I am part of six or seven subsidiary committees. I am sure you would have looked at them. There are several subsidiary bodies which I have mentioned that I am represented in thematic networks and the gender networks or the networks on governance issues and every network on environmental issues and so on. Another network is for conflict and fragility. So, I can only speak about these two that I am engaged in, and I can say we do make use of these knowledge repositories.

In the area of evaluation there is this repository which shares the evaluation plans of member states. It shows what kind of evaluations are coming up. It allows dialogue and identification of areas where there may be a joint evaluation, where you can join forces and share all kinds of work together. I would say we do make in these two areas, at least, we very much make use of the documents. I believe that the same would hold true for other areas. I know that in the network and environment development co-operation we actually have the code share at the moment, so I would assume that we very much make use of the knowledge and the documents that are being provided within this forum. ADA actually represents Austria together with the ministry on all of these subsidiary bodies, so we are engaged and we contribute to all these thematic discussions within the different subsidiary bodies.

Question 8: What do Austria's peer reviews on development co-operation do? Tell us about the progress Austria made since 1999?

Well, it shows a very mixed picture. There are certain areas where I think it shows good progress and there are other areas where it shows less. I already mentioned this one with the 0.7 target which Austria is far away from reaching.

Another area in which progress is very slow is the whole area around policy coherence and the whole of government approaches. These are areas where progress is less observable but there are other areas where there is good progress. This is also highlighted in the report. For example, in the last report, I think, it was Austria's approach to private sector development that has been shown as an improvement or the whole results-based management. There have been some improvements since the last peer review. I think it is a very mixed picture, some showing good progress and some showing less progress.

Question 9: Is it possible to obtain the list of examiners who participated in the drafting process of peer reviews in order to attain a brighter perspective on this issue?

In the report on page five it mentions the peer reviewers, the names it mentions by name are in fact people who were part of the peer review team who visited Austria. The previous ones I mean? In 2009 it was Germany and Switzerland. If you are interested in speaking with peer Reviewers, you can find their names in the report. If you are looking at names within the Ministry of Foreign Affairs who coordinated progress, then I would suggest that you contact the development directorate which is called directorate Number VII within the Ministry of Foreign Affairs and they will direct you to the right person. Because there is a mandate for coordinating response within Austria very firmly lies within the Ministry of Foreign Affairs in the directorate Number VII.

Question 10: Is it possible for me to get to know the Austrian Peer Reviewers who made Peer Reviews on other DAC members?

You would also find them in the Ministry of Foreign Affairs. I am aware that in preparation for this last peer review we did have somebody from the Ministry of Foreign Affairs participate in the Peer Review of Greece. This person would also be in the Ministry of Foreign Affairs in Section VII or directorate number VII.

Question 11: I have a question regarding human resources? How do you get new young people?

We have interns, we have trainees. There is a process advertised that happens yearly or every two years. We always welcome applications and are interested in qualified candidates.

Question 12: How do you see the way forward from these DAC Peer Reviews?

I think it is a very useful instrument and I hope that they will continue to help us give us tools to induce change. I had prepared a couple of examples that I had wanted to give you which show that my examples come from my area which is evaluation statistics. When it comes to evaluation this is an aspect which DAC Peer Reviewers look at. There have been several examples which show the changes that DAC Peer Review has helped us achieve. Just to mention two. The first one you will have seen in a DAC Peer Review 2015 there was a recommendation saying that Austria should update its evaluation policy but not only update it but it should also look at developing inter-ministerial evaluation policy. It doesn't only cover ADA or the Ministry of Foreign Affairs which in total they only really just represent 15 percent of the entire Austrian ODA but to kind of also engage other actors who are involved in Austrian Development Cooperation to cover a larger part of the picture. So, what we did with that is we actually took this within the evaluation communities within the different actors. We took this as a kind of a mandate we then developed in 2019 under the leadership of Ministry of Foreign Affairs like the co-ordination leadership but there were five actors of Austria's development co-operation like the Ministry of Finance, the Ministry of Climate Change, the Austrian Development Bank, the Austrian Development Agency, and the Ministry of Foreign Affairs who jointly developed an evaluation policy. This was actually mentioned in the last peer review as a very positive development, so it was very much highlighted as a good achievement, and I have to say that the impulse to start or to initiate the process to actually do it actually came from a DAC Peer Review. This is a very clear example which shows that it does lead to an induced change.

Another example from this last peer review; there is a recommendation or at least kind of an assessment, a suggestion that we are within the Austrian Development Agency that we should be more selective in the way we evaluate our programmes, projects. Our ambitions so far are not ambition, but our standard has so far been that every single programme or project implemented by the Austrian Development Agency is evaluated at least once in the cycle. So, the DAC Peer Review very rightly said that this means that we actually spread our resources very wide. Instead of aiming to evaluate every single programme or project we should be more selective in the approach we take. We very much took this recommendation to heart and have just recently released the new guidelines on programme and project evaluations where we make a clear principle saying that our ambition is no longer to have every single programme evaluated once in the cycle, but we have certain criteria a, b, c, d and e to allow and inform decision making with regards to programme and project evaluation. So, it actually brought about a new standard that we are implementing now with regards to programme and project evaluation. These are just two examples from within my area of work which show actually very positive developments that DAC Peer Reviews have contributed to.

Thank you very much for insightful and candid answers.

The Analysis of the Interview

What the head of evaluations and statistics of the Austrian Development Agency said confirms my own findings during the research of my thesis. That is, she accepted the fragmented nature of Austrian aid system. She also candidly accepted that despite years of DAC recommendation regarding the correction of the fragmented nature of the Austrian aid system, nothing much had changed over the years. However, the DAC recommendations were very useful for providing more independence of evaluation unit.

So the picture is mixed in terms of implementation of recommendations. At the end of the day, she finds the DAC peer reviews extremely useful.

8. CONCLUSION

In this thesis, we tried to find out whether Austria makes good use of peer reviews prepared by the OECD DAC over the years and what their critical examination tells us about the progress Austria made in development cooperation since 1993.

We have also asked and answered the following questions: How did the aid and peer reviews affect the aid architecture of Austria?; Why were some of the recommendations of the Aid and Peer Reviews not implemented or partially implemented?; How do the Austrian partners approach Austria's aid and peer reviews?; What is the nature of the relationship between the OECD DAC and the Austrian partners?; After so many aid and peer reviews, is there still a way to improve the whole system?

Our basic thesis is that if there had been no aid and peer reviews, it would have been impossible for Austria's development cooperation system to reach its current position and the change it experienced between 1960 and 2024. Therefore, as for many other DAC Member States, the DAC Aid and Peer Reviews have been useful for Austria, too. This issue has been confirmed in the interview I had conducted with the Head of Evaluations and Statistics at ADA.

The aid and peer review reports on Austria prepared by the OECD DAC starting from 1993 till 2020 have been analysed diligently. Moreover, the Austrian Development Cooperation organization, that is, some ADA authorities have been contacted and interviewed about the findings in the peer reviews to ascertain their views about the issues raised in them.

To make this study possible, we considered the aid review reports issued in 1993 and 1996 and the peer review reports issued in 1999, 2004, 2009, 2015 and finally in 2020 by the OECD DAC. Using content analysis of the OECD Austrian Aid and Peer Reviews and Austrian regulations in this area, this thesis analysed the change of discourse and system in the area of development cooperation in Austria.

By becoming an active partner of international organizations, Austria tries to keep its peace and prosperity. So, the membership in international organizations is used as an anchor to keep Austria in the calm waters.

Austria is currently one of the 32 members of the OECD, DAC. It is also among the founders of the DAC. When Austria joined the DAC in 1965, little could be said about the presence of international development assistance of Austria. Since 1965, Austria has taken part among the most prominent development co-operation partners.

Especially since the 1960s, the number of former colonies that gained independence among the member states of the United Nations increased visibly. Many donors who had colonial pasts used their ex-colonies as an intellectual stimulus to start giving official development assistance in the 1960s. However, Austria did not have that impulse from the beginning. However, Austria's important historical, social and cultural links with Central and Eastern European Countries which were part of the late Austro-Hungarian Empire before 1918 encouraged Austria to give more in this region.[407] Therefore, Austria claims that primary motivation for its development co-operation is "the need for international burden sharing in addressing global challenges like poverty and insecurity", that is, responsible foreign policy.[408] It implicitly claims that its colonial past has nothing to do with its official development assistance.

Austria was one of the few countries that had committed to reach 0.7 per cent ODA/GNI by the end of the 1980s during Bruno Kreisky's Socialist administration (1970-1983) but that ratio could not be achieved. Austria repeated its commitment with the Barcelona Agreement in 2002. The European Union Members including Austria agreed that the UN goal of 0.7 percent ODA/GNI was also a goal for the Member States in the Barcelona European Council on 15 and 16 March 2002. However, an initial medium-term target of 0.33 percent of GNI/ODA to be reached by 2006 in the 2002 Barcelona Summit was also set until the 0.7 target was reached.

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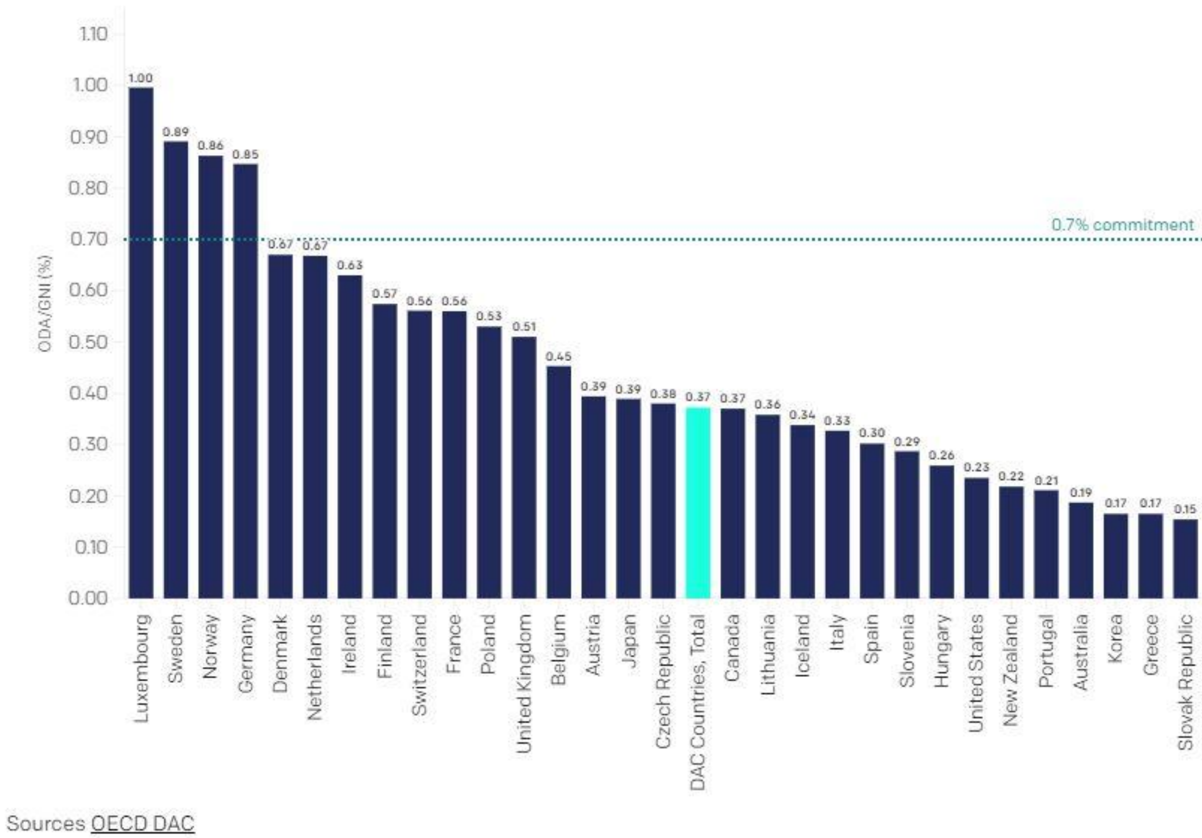
[407] *OECD DAC Peer Review of Austria 2004*, p. 17

[408] *OECD DAC Peer Review of Austria 2004*, p. 18

In its 2004 peer review, the DAC report suggested Austria to have an ODA growth path. However, it was stated in the 2009 DAC Peer Review report that that suggestion was not materialised and no concrete measures or agreed targets were announced other than general terms. Even though it was suggested, Austria did not develop a specific plan containing annual targets for reaching its commitments during the peer review periods. The Peer review team consistently asked Austria to prepare a time-bound roadmap for reaching the 0.7 percent ODA/GNI target.

Austria’s ODA fluctuated over time. When Austria's foreign aid performance is examined comparatively, it can be seen that it is actually above the average. Although the target of 0.7 percent ODA/GNI has not been attained, the number of countries that have reached this target has always been very small. Some of the countries that have reached this target have not been able to maintain these levels over time. Austria, on the other hand, has always remained around or above the average in terms of rate in recent years.



Graphic 12: ODA in 2022 - Most donors are far from giving 0.7% of national income as aid

In view of the Interviewee in this thesis, it is the politicians but not the officials that can answer the question why Austria could not attain that ambitious target. On the other hand, Hynes and Scott quotes the DAC Secretariat staff Bevan Stein who held the Head of the Financial Policies Division for 25 years until his retirement in 1996.[409] Among his other views, Stein suggested the creation of another more realistic target than the 0.7 percent of GNP target. He claimed that *"the credibility of the 0.7 percent target was eroded further with every new year that passed with actual performance irremediably stuck at about half the target*". [410] However, that suggestion

[409] *Hynes and Scott (2013)*, p. 2
[410] Bevan Stein (1985) ODF, Memo to Führer, 7 Oct, held in OECD Archives, Paris quoted in *Hynes and Scott (2013)*, p. 11

was not accepted by the Member states of DAC and the ambitious target is still kept even though it is not attained by many members. So, Austria cannot be blamed for this target alone.

According to the Aid Review of 1992/93, the major criticism of the Austrian aid cooperation by the DAC had centred on two issues: volume and quality. In response to that criticism, the Austrian authorities increased the volume and quality of their aid.

In the 1999 Peer Review, it was noted that the responsibility for Austria's aid administration remained dispersed over a number of ministries and provincial and local government authorities. Despite the establishment of ADA, the dispersion continues and there seems to be little cure for it. Although the whole-of-government target has been a recommended situation for many years, it has not been fully achieved either.

Two more criticisms of the DAC on the Austrian aid system were centred on the geographic distribution of Austrian aid and the high number of recipient priority countries with very small amounts received by them.

Understaffing was also criticised in several peer reviews. Mobilisation of the public and parliamentary support for the Austrian aid efforts also were not realised by the NGOs.

About 10 percent of the Austrian ODA was spent for educational purposes under the banner of imputed students' costs. This ratio was very high in comparison to other DAC members. In fact, it was Austria, Germany and Belgium which proposed to consider imputed student costs as ODA in the early 1970s. Even though it was initially rejected due to the cost's imputed nature, imputed student costs were accepted as ODA in the later years.[411]

Despite choosing some countries as priority countries, the majority of them had not become the main recipients of the Austrian Aid in the review periods. The share of the least developed countries in the Austrian ODA was about half of the DAC average.

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[411] *Hynes and Scott (2013),* p. 9

The establishment of the Austrian Development Agency (ADA) was a huge improvement in the aid management and implementation of Austria. With Chapter 2, Section 6 of the Federal Act on Development Cooperation, the Austrian Development Agency became operational starting from the 1st of January 2004.

Regarding combatting poverty in developing countries, the DAC advised Austria to make these commitments operational and be shown in the allocation of resources.

By considering the recommendations in the previous peer reviews, Austria enacted a new development cooperation law, adopted the Three-Year Programmes, and revised them for a longer-term strategy for development co-operation and also reformed its statistical reporting in line with DAC norms and guidelines. That was commended by the subsequent peer reviews.

The top recipients of the Austrian aid were either countries receiving debt relief, or the origin countries of the refugees and the students coming to Austria. To overturn that trend, an increase at the amount of programmable aid was needed.

Even during the 2020 peer review period, the Austrian aid system remained fragmented, and a consolidated ODA budget could not be attained. Eight separate ministries engaged with official development assistance with their own funds.

In a survey done in 2007, it was found that 77 percent of Austrians were in support of helping poor people in developing countries. Moreover, 40 percent of people were supporting the provision of aid as much as other EU countries. 33 percent were of the opinion that aid levels should be kept as they were. The DAC recommended increasing Austria’s efforts to win public support for international development activities and to improve its global education on development.

One area of progress in the 2009 peer review term was in the DAC’s Creditor Reporting System. Austria managed to report all the ODA of eight different ministries to the DAC properly. It was also revealed that the Austrian budget was not well integrated which was detrimental for having a coherent aid system.

2015 was the last year of the MDGs. Between 2009 and 2015, the Austrian federal government had tried to focus on fewer countries and thematic areas regarding its ODA. For instance, rule of law, human rights, peace and security were chosen as policy areas to be focussed. Austria perceived the development co-operation as a policy necessary for "strengthening international solidarity".

Austria was committed to reduce the number of sectors and countries for more focussed aid. Peacebuilding and state building were given priorities in fragile states. Support given to social infrastructures and services occupied 60 percent of the bilateral ODA of Austria between 2011-2012. Education and health were the main sectors in that support.

Austria delegated some of its decision-making powers to country offices during the review period.

The Austrian Development Bank became a prominent player among the Austrian development institutions. It promoted private investment to support development efforts in partner countries.

As we take into consideration all aid and peer reviews of Austria since 1993, we can see the progress Austria has made in the development cooperation area and persisting shortcomings. As the Table in the Annex below, taken from the 2020 Peer Review of Austria, already indicates, out of 19 recommendations in the 2015 peer review only three were fully implemented. While 14 recommendations were partially implemented, two were not implemented at all. That shows that there are still many recommendations left to be implemented in the coming years.

The Sustainable Development Goals, that are illuminating principles between 2015 and 2030, have been the policy vision and framework for Austria in the new Three-Year Programmes of Austria. Moreover, environment and gender have become priority cross-cutting issues in Austrian development co-operation. A network of gender focal points in Austria and in country offices helped this matter enormously.

Austrian aid continued to be tied for many years. That is why the DAC peer review teams recommended Austria to decrease the proportion of it in various peer reviews. Even though the tied aid ratio declined from 63.6 percent in 2015 to 49.9 percent in 2016, Austria's untied aid performance had been one of the worst among the DAC members. The DAC average was 82.1 percent in 2018. It also fluctuates from year to year. Imputed student costs constituted half of the untied aid.

The Three-Year Programme on Austrian Development Policy 2019-2021 considers development co-operation as "a means of advancing Austria's rational self-interest by alleviating the causes of irregular migration and forced displacement".

Austria has been struggling to establish a whole-of-government approach beyond ADA and the MFA. The fragmented nature of Austria's development co-operation system still continues. A more coherent whole-of-government approach is not fully available in priority countries either. Each single Austrian actor was responsible for the implementation of Austria's development co-operation. The co-ordination between these actors was mostly *ad hoc*. That is why the DAC peer review suggested Austria to mandate the MFA to take responsibility to have a framework of joint strategic goals, indicators, and timelines; to set out the respective contributions and roles of all ODA contributing actors; and to lead implementation of a coherent and co-ordinated approach regarding their total development co-operation efforts.

The DAC peer review team asked Austria to set interim targets regarding the ODA volume; increase the proportion of untied aid and make the development primary objective of the given aid.

In many instances, the prepared reports are neglected or side-lined throughout the world. There is certainly a lot of effort and endeavour behind the development cooperation aid and peer reviews of the OECD. My research attracts our attention to the peer reviews at least in the context of Austria. Progress can only be made by taking the past experiences into account.

As the 1980s were a lost decade, it seems that the 2020s will be a lost decade as a result of first the outbreak of the Covid-19 pandemic, then the invasion of Ukraine by the Russian Federation and then the Arab-Israeli conflict. These three events have been absorbing the resources that now will not be allocated to international development co-operation. As Germany's Chancellor announced, a 100 billion Euros budget for military spending, that amount will be cut from other sources, especially from the international aid budget. So, the attainment of the 0.7 per cent target of GNI for international development will remain an ambitious target for the years to come for many countries. That will most probably be the case for Austria, too**.**

The ultimate goals of official development assistance are sustainable development of developing countries, reducing inequalities and poverty eradication that in the end, no country should remain in need of aid. When these goals are achieved, foreign aid will also be terminated. Although such a goal is stated, very few countries have graduated from the ODA eligible countries list over the years. In other words, it seems that the need for foreign aid will continue for many years.

Global problems need global solutions. Official development assistance is one of the solutions for global problems. The fact that peer reviews will continue to be made means that the ODA system is open for improvement for Austria, too.

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ANNEXES

Annex 1

INTERVIEW PROTOCOL

After studying the subject matter of my dissertation, a lot of issues and questions came to the fore that needed qualified answers and those kinds of answers could only be given by the people in charge of the Austrian ODA. Looking for the answers, I contacted the Austrian Development Agency through e-mail and explained to them that I was doing masters on an international development subject related to their work.

I explained that the topic of my dissertation was “THE OECD DAC’S AID AND PEER REVIEWS IN THE CURRENT RECONSTRUCTION OF THE AUSTRIAN AID SYSTEM”.

I asked kindly ADA to arrange an expert for me to direct my questions regarding the DAC peer reviews and Austria. Since the time was the time of the Covid-19 pandemic and there was almost no possibly to conduct an interview person to person at that time, ADA arranged for me to have an online interview with Sigrid Breddy who was and still is the Head of Evaluation and Statistics at the Austrian Development Agency. The interview would take place online between 14.00 and 15.00 o’clocks.

We used Skype to do the video interview face to face on 4 February 2021. It took approximately 50 minutes. I had prepared the following questions by using the knowledge I acquired during my research on my master study. The interview was a semi-structured, that is, while I had a list of specific, pre-defined questions, open discussion around the topics I raised was also possible. The interviewee’s answers were so relevant and on the point that I did not want this interview to be placed at the end of the dissertation as an annex. So, I placed it inside the main body of my thesis with my own appraisal at the end of it. The interview was done in English in Vienna by the researcher, Mehmet Turan Sahin.

I asked the following 14 questions during the interview to the Head of Evaluation and Statistics at ADA, Dr. Sigrid Breddy.

1) Does Austria make good use of peer reviews prepared by the OECD DAC?

2) How can we critically examine the Austria's Development Cooperation by Assessing the Peer Reviews Prepared by the OECD Development Assistance Committee?

3) What does the peer review history of Austria tell us?

4) How do the peer reviews affect the general architecture of development cooperation in general?

5) What is the way forward?

6) Is there a specific committee within the Austrian Parliament which is following up on the operations of ADA and issues related with International Development?

7) What do the Austria's peer reviews on development cooperation tell us about the progress Austria made on the development cooperation since 1999?

8) How do the peer reviews affect the aid architecture of Austria?

9) Why were some of the recommendations of the Peer Reviews not implemented or partially implemented?

10) How do the Austrian partners approach the peer reviews?

11) What is the nature of the relationship between the OECD DAC and the Austrian partners?

12) Is there a way to improve the whole system?

13) Does ADA make a good use of OECD's knowledge reservoir?

14) Is it possible to obtain the list of examiners who had participated in the drafting process of Austria's Peer Reviews in order to attain a brighter perspective onto the issue?

As one of the most knowledgeable people on the subject in Austria, Dr. Breddy answered all my questions openly and kindly. The interview process went quite well. She did not ask me to conceal her name either. She only told me that when I finished my dissertation, she would be very happy to read it. I told her that when I finished my dissertation, I would give her a copy of my thesis.

The conversation was not recorded on the Skype but audiotaped. The record was transcripted immediately after the recording on a mobile phone. Due to the break down of the mobile phone at the later stages, the record is currently unreachable. Mobile phone repairers could not do anything on this matter.

Annex 2

TABLES

Table 3: Progress since the 2015 DAC peer review recommendations

Towards a comprehensive Austrian development effort

Recommendations 2015	Progress
Austria should develop a clear approach to addressing policy incoherence, prioritising selected topics and mechanisms and including means of monitoring and reporting across government, while drawing on the expertise and analytical capacity existing in the country.	Not implemented
To ensure development effectiveness, Austria needs to set out clear developmental objectives and expected results of using ODA as a catalyst to leverage private investment.	Partially implemented

Vision and policies for development co-operation

Recommendations 2015	Progress
Austria should bring all aid-spending ministries in line with, and make them accountable for, achieving the objectives of the three-year programmes.	Partially implemented
Having a clear rationale for allocating resources geographically, by channel and by instrument, would increase the predictability of Austrian aid.	Partially implemented
Austria is encouraged to clarify its priorities for mainstreaming cross-cutting themes, and to ensure that it has the tools and resources to follow through on these priorities.	Partially implemented

Aid volume and allocation

Recommendations 2015	Progress
Austria should deliver on its commitment to develop a realistic time-bound roadmap to increase ODA in order to make progress towards meeting the 0.7% ODA/GNI target	Partially implemented
Austria should include debt relief in its ODA forecasts only after this is agreed by the Paris Club.	Not implemented
Austria should reverse the decline in the share of its ODA allocated to the LDCs, in keeping with its commitment to poverty reduction.	Partially implemented

Organisation and management

Recommendations 2015	Progress
Austria should ensure that, when involved in the same priority countries, the federal ministries, ADA and the Austrian Development Bank agree on a set of common development objectives, elaborate joint country strategies, and report on a single set of country results.	Partially implemented
Austria needs to develop a staff development strategy to ensure that it has the competence and expertise to engage in and deliver quality aid in its priority partner countries.	Partially implemented

OECD DEVELOPMENT CO-OPERATION PEER REVIEWS: AUSTRIA 2020 © OECD 2020

Towards a comprehensive Austrian development effort

Recommendations 2015	Progress
Austria should develop a clear approach to addressing policy incoherence, prioritising selected topics and mechanisms and including means of monitoring and reporting across government, while drawing on the expertise and analytical capacity existing in the country.	Not implemented
To ensure development effectiveness, Austria needs to set out clear developmental objectives and expected results of using ODA as a catalyst to leverage private investment.	Partially implemented

Vision and policies for development co-operation

Recommendations 2015	Progress
Austria should bring all aid-spending ministries in line with, and make them accountable for, achieving the objectives of the three-year programmes.	Partially implemented
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Austria needs to develop a staff development strategy to ensure that it has the competence and expertise to engage in and deliver quality aid in its priority partner countries.	Partially implemented

Development co-operation delivery and partnerships

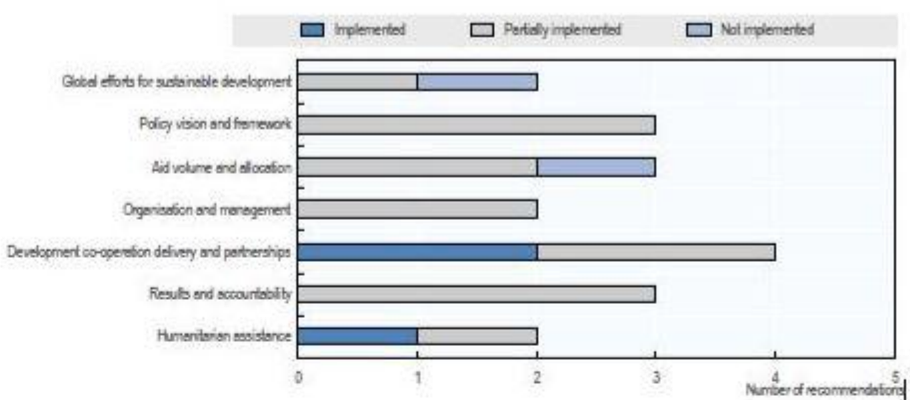
Recommendations 2015	Progress
Austria is encouraged to introduce a more comprehensive and systematic approach to risk management in its development co-operation programme, including at partner country level.	Partially implemented
Austria should reverse the decline in the share of its aid that is untied, bearing in mind the Accra and Busan commitments.	Partially implemented
Austria should engage more strategically with civil society in the countries where it works, based on clear guidelines.	Implemented
Austria should consistently apply a fragility lens to programming in fragile states.	Implemented

Results and accountability

Recommendations 2015	Progress
Austria is encouraged to develop a consistent and coherent approach to development results as well as a system to inform programming decisions and serve accountability needs.	Partially implemented
Setting up an evaluation committee under an independent oversight body would contribute to increasing commitment at all levels to follow up on recommendations from evaluations.	Partially implemented
Having a more strategic approach to communicating about development results and risks, and increasing transparency on how ADC is working, would contribute to promoting a culture that is more open to public information.	Partially implemented

Humanitarian assistance

Recommendations 2015	Progress
Austria should reflect on its humanitarian achievements, and develop a strategic focus and allocation criteria for its humanitarian programme, in order to increase predictability, facilitate performance monitoring, and to raise its profile on the international stage.	Partially implemented
Commitments to scale up the humanitarian budget should be kept, so that Austria can match its strategic ambitions with adequate resources.	Implemented



Graphic 13: Austria's implementation of 2015 peer review recommendations

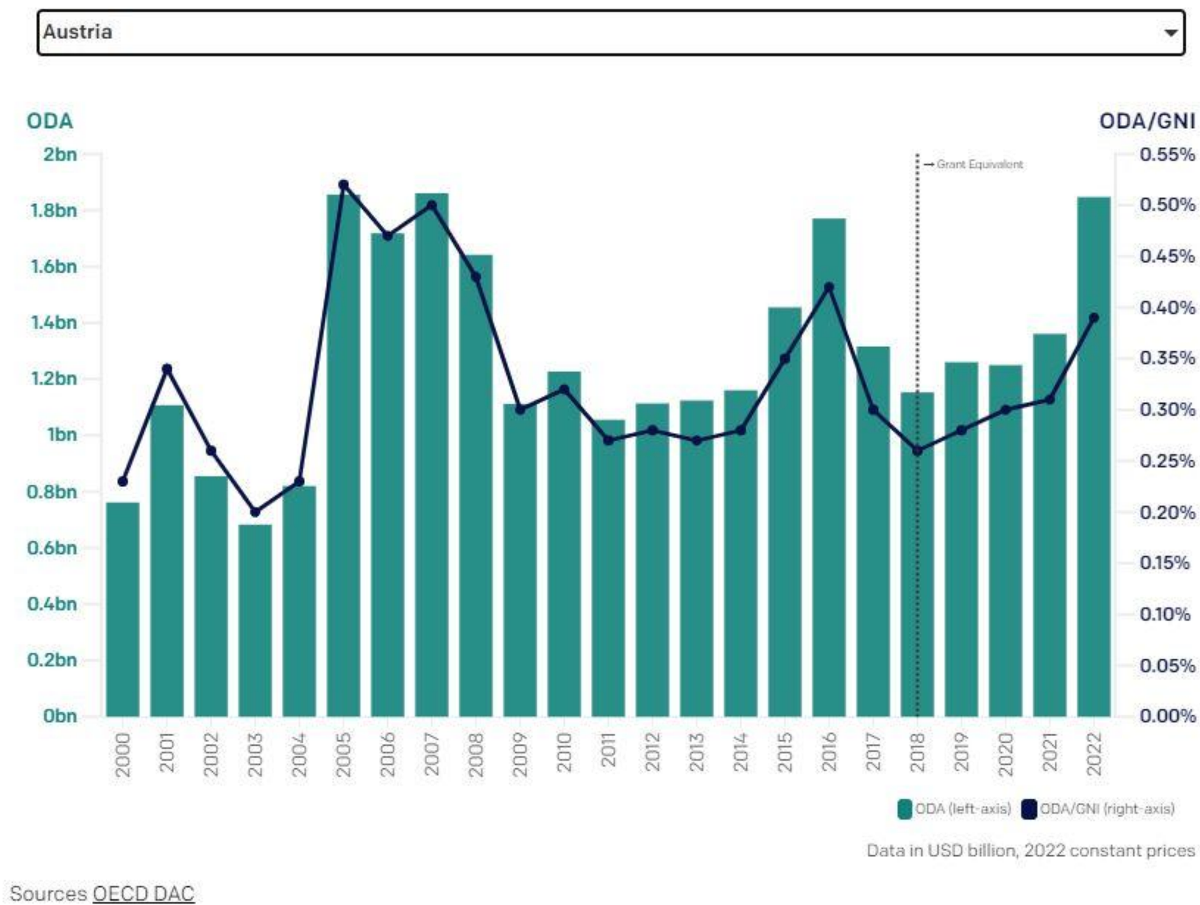
USD million at current prices and exchange rates.

Net disbursements

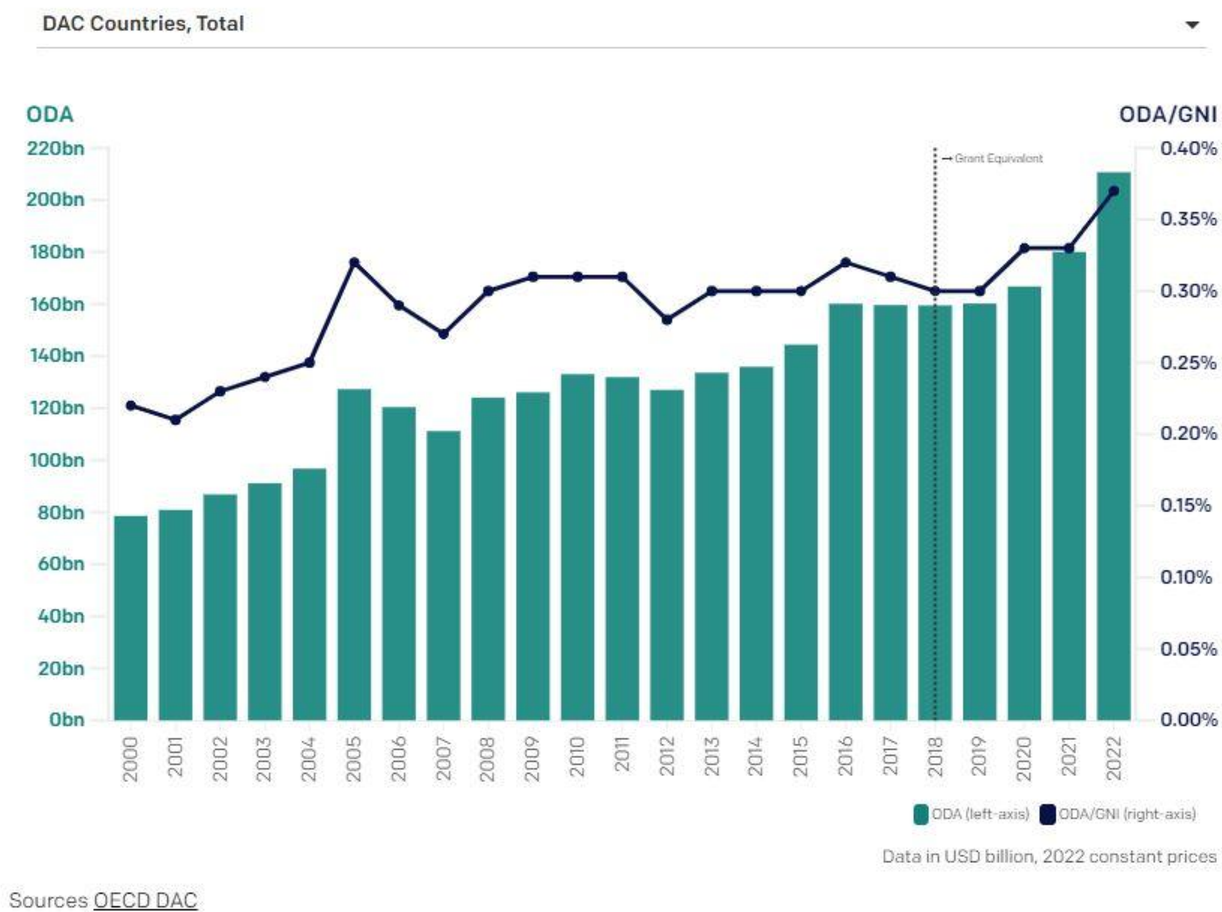
Austria	2003-07	2008-12	2013	2014	2015	2016	2017
Total official flows	**1 327**	**1 269**	**1 373**	**1 334**	**1 350**	**1 780**	**1 303**
Official development assistance	**1 213**	**1 256**	**1 171**	**1 235**	**1 324**	**1 635**	**1 251**
Bilateral	846	676	543	637	783	986	600
Grants	856	677	521	628	777	986	590
Non-grants	- 10	- 1	22	9	5	1	11
Multilateral	367	580	628	598	541	649	651
Other official flows	**115**	**13**	**202**	**99**	**27**	**144**	**52**
Bilateral: of which	115	13	202	99	27	144	52
Investment-related transactions	-	-	-	-	-	28	55
Multilateral	-	-	-	-	-	-	-
Officially guaranteed export credits	**482**	**- 70**	**- 9**	**25**	**- 28**	**- 74**	**- 78**
Net Private Grants	**108**	**178**	**177**	**191**	**163**	-	-
Private flows at market terms	**4 381**	**5 293**	**- 498**	**1 925**	**3 206**	**1 389**	**880**
Bilateral: of which	4 381	5 293	- 498	1 925	3 206	1 389	880
Direct investment	4 381	5 233	- 610	1 763	3 206	1 389	880
Multilateral	-	-	-	-	-	-	-
Total flows	**6 299**	**6 670**	**1 044**	**3 475**	**4 692**	**3 094**	**2 105**
for reference:							
ODA (at constant 2017 USD million)	*1 318*	*1 167*	*1 066*	*1 100*	*1 381*	*1 668*	*1 251*
ODA (as a % of GNI)	*0.40*	*0.32*	*0.27*	*0.28*	*0.35*	*0.42*	*0.30*
ODA grant equivalent	-	-	-	-	*1 207*	*1 638*	*1 254*
Total flows (as a % of GNI) (a)	*2.06*	*1.70*	*0.24*	*0.80*	*1.25*	*0.80*	*0.50*
ODA to and channelled through NGOs							
- In USD million	59	67	54	69	49	66	92
ODA to and channelled through multilaterals							
- In USD million	*388*	*663*	*716*	*681*	*602*	*750*	*759*

a. To countries eligible for ODA.

Table 4: Total financial flows between 2003 and 2017



Graphic 14: Austria's ODA net disbursements between 2000 and 2022 at 2022 constant prices and as share of GNI



Graphic 15: DAC Countries' ODA net disbursements between 2000 and 2022 at 2022 constant prices and as share of GNI