



DAC SPECIAL REVIEW OF THE SLOVAK REPUBLIC

The Special Review of the aid programme of the Slovak Republic was requested by Slovakia's Ministry of Foreign Affairs and was undertaken with the agreement of the DAC. Two DAC Members, The Netherlands and the United Kingdom, served as Examiners for the review which took place from November 2010 to April 2011.

ACRONYMS

DAC	Development Assistance Committee
DCD	Development Co-operation Directorate, of the OECD
EBRD	European Bank for Reconstruction and Development
EDF	European Development Fund
EIB	European Investment Bank
EU	European Union
GDP	Gross Domestic Product
GNI	Gross National Income
IFIs	International Financial Institutions
IMF	International Monetary Fund
LDC	Least Developed Countries
MF SR	Ministry of Finance of the Slovak Republic
MFA	Ministry of Foreign Affairs of the Slovak Republic
NGOs	Non-governmental Organisations
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
ORPO	Department of Development Assistance and Humanitarian Aid of the Slovak Ministry of Foreign Affairs
TF	Trust Fund
UN	United Nations
UNDP BRC	United Nations Development Programme Bratislava Regional Centre
USD	US dollar
WB	World Bank

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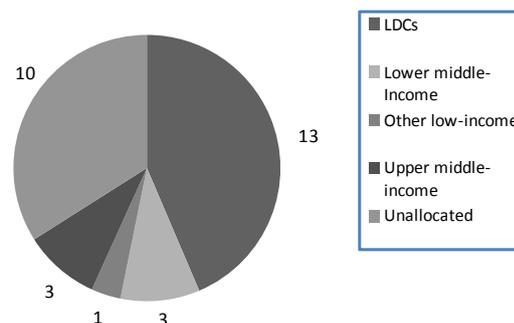
Slovak Republic's Aid at a Glance

SLOVAK REPUBLIC

	2008	2009	Change 2008/2009
NET ODA			
Current (USD m)	91.86	75.39	-17.9%
Constant (USD m)	91.86	75.70	-17.6%
In Euro (million)	66.08	54.14	-18.1%
ODA/GNI	0.10	0.09	
Bilateral Share	44%	26%	

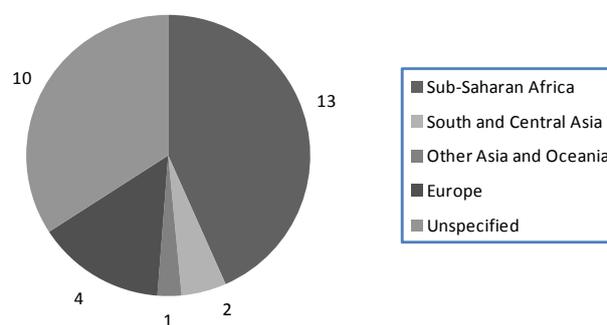
Gross bilateral ODA, 2008-2009 average, unless otherwise shown

By income group (USD mn)



TOP TEN RECIPIENTS OF GROSS ODA USD million		
1	Liberia	12.54
2	Serbia	2.23
3	China	0.77
4	Ukraine	0.74
5	Bosnia-Herzegovina	0.47
6	Afghanistan	0.39
7	Kyrgyz Republic	0.37
8	Tajikistan	0.34
9	Montenegro	0.23
10	Macedonia, FYR	0.22

By region (USD mn)



Source: DAC database, OECD.

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EXECUTIVE SUMMARY

Introduction

At the request of the Slovak Republic's Ministry of Foreign Affairs (MFA), the OECD Development Co-operation Directorate (DCD) and representatives of the Development Assistance Committee (DAC) conducted a special review of Slovakia's international development co-operation from November 2010 to April 2011. The review's main objective was to contribute good practice and lessons learned to the Slovak authorities' internal dialogue on the reform of their foreign assistance. The DAC welcomes the special review as an opportunity to learn from the unique perspectives and expertise of providers of development co-operation that are not members of the Committee.

The special review concludes that the Slovak Republic has put in place many of the legislative, strategic and institutional building blocks for its development co-operation. Slovakia now has scope to strengthen its development co-operation system so that it can achieve its development objectives more efficiently, effectively and transparently for the benefit of poor people in its partner countries. Slovakia's development co-operation faces several challenges, but the Review considers that solutions to these are available. In responding to these challenges Slovakia should focus on:

- (i) strengthening the leadership of its development co-operation, particularly the key role played by the Ministry of Foreign Affairs;
- (ii) increasing the visibility of the entirety of its development co-operation within Slovakia; and
- (iii) improving the delivery of its Official Development Assistance (ODA).

Leadership

Overarching policy framework: A key lesson from DAC peer reviews has been the importance of establishing an appropriate legal and political foundation for development co-operation in the donor country. Building on the Development Assistance Act of 2007 and the Medium-Term Strategy for ODA of the Slovak Republic 2009-2013, Slovakia could strengthen its framework for development co-operation by adding a whole of government policy that reflects Slovakia's vision of its place in the world; Slovakia's "identity" or "brand"; and its comparative advantage as a donor. Agreed across Government, the policy should have wide ownership and remain relevant for the medium to longer term. It could provide:

- a clear, top-level statement of the purpose of Slovak development co-operation and how this relates to Slovakia's national interests and the peace and security orientation of its foreign policy;
- a clear statement of Slovakia's geographical and thematic focus;
- a necessary policy link between the Development Co-operation Act and the Medium Term Strategy;
- direction for fulfilling Slovakia's key international commitments for development, poverty reduction, peace and stability;
- direction for addressing key cross-cutting issues such as gender and environment; and
- direction for the whole of government on what Slovakia is trying to achieve through multilateral ODA.

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Consultation: In developing the policy Slovakia should undertake wide consultation with stakeholders (parliamentarians, ministries, Non-governmental Organisations (NGOs) working on development, private sector, the public and the media) on Slovakia's development co-operation objectives and how these relate to foreign policy.

Strengthen the Ministry of Foreign Affairs' leadership and coordination of Slovakia's development co-operation: The Ministry of Foreign Affairs is responsible for ODA within government and other Slovak ministries look to this Ministry to provide leadership. The review concludes that there is scope for further development of aid coordination within Slovakia's development co-operation system. In particular, the Coordination Committee is currently unwieldy, involving a wide range of government and non-government actors, and could be rationalised by converting it to an inter-ministerial committee for those ministries that are most involved in delivering ODA. The Ministry of Foreign Affairs could establish a separate consultation forum for dialogue with non-ministerial stakeholders. The overarching policy proposed above would provide a framework for such coordination and help to bring the different departments of the Ministry of Foreign Affairs into closer alignment, ensuring that development objectives are more effectively integrated into wider foreign policy.

Visibility

Sharpen the focus on results in all aspects of Slovakia's development co-operation: DAC members are developing a stronger culture of managing for results and aligning the incentives for their development co-operation agencies accordingly, but in ways that promote, not weaken, local structures of accountability in their partner countries. Building on the experience of DAC members, Slovakia has an opportunity to manage and implement its aid programmes and projects and communicate about them in a way that focuses on results and uses information to improve decision making, but more resources will need to be allocated for this purpose. To demonstrate the results of and build public support for its development co-operation, therefore, Slovakia should move towards results-based management and reporting.

Communicate more effectively: Slovakia has made good progress in development communication. Most recently it has put in place a development co-operation communication strategy, including a focus on global education in the country's schools. Strong public engagement is the best guarantee of political support for effective and dynamic national development programmes. There is still a lot to be done in Slovakia in order to change the public misconception of development cooperation as solely humanitarian aid or charity. Activities in awareness-raising and development education are therefore of crucial importance and should receive the necessary investments of human and financial resources. The population of Slovakia will best understand the importance of its country's aid programme if the government's development communication is geared towards results for poor people, Slovakia's contribution to these and why this matters for Slovakia's security and prosperity.

Strengthen ODA statistics and reporting: Slovakia has made progress in collecting and reporting on its ODA statistics but it is possible that not all of the country's aid efforts are being captured in its reporting. The Ministry of Foreign Affairs should work closely with the Ministry of Finance and other ministries to ensure that all ODA reporting is timely and accurate. Support for system development and capacity-building is available from OECD, particularly to help the Ministry of Foreign Affairs to establish its reporting system by defining variables, establishing the basis of a relational database, advising on a user's manual and reporting guidance. Slovakia is encouraged to make use of this support in its efforts to improve its aid statistics and reporting.

Delivery

A more focused approach: fewer countries, fewer sectors and fewer activities: A more focused approach will deliver more and better results, higher visibility for Slovakia and greater scope for communication of achievements. The government should take forward its Manifesto commitment to reduce the number of partner countries and to focus more on using the transformation experience of Slovakia for the benefit of partner countries. The country's transformation experience, together with its knowledge of the eastern region of Europe and the Western Balkans, gives Slovakia a comparative advantage relative to other donors in these areas. Slovakia should therefore ensure that its comparative advantage as a donor more consistently informs its policy and selection of priorities and countries. Slovakia should also prioritise and reduce the scope of its multilateral partnerships, bearing in mind the capacity of its agencies to manage aid relationships effectively. Most importantly, Slovakia should support fewer bilateral and multilateral aid activities.

Increasing ODA volume: To make progress on increasing ODA towards EU and other international targets, Slovakia should set out an ODA growth path with realistic annual targets in the light of anticipated economic growth, development co-operation capacity and opportunities (such as the stock of debt that may be granted as debt relief). The new targets will need to be owned by the whole of government and widely publicised.

More effective planning: Slovakia's medium-term strategic plan should be strengthened by sharpening its objectives, identifying key results to be achieved bilaterally and multilaterally and developing indicators to measure achievement. The National Programme should become an annual operational plan to deliver the medium term strategy.

Reform the bilateral ODA business model: To deliver aid more effectively, especially as ODA volume increases, Slovakia needs to reform its ODA business model and make this more efficient and effective. Slovakia should move away from a model of many small projects towards modalities based on country ownership of development and alignment with country strategies. This would enable Slovakia to have fewer, but much larger aid activities in each partner country. By contributing to larger programmes Slovakia's visibility within a partner country will be enhanced and it will have increased recognition of its role as a development partner. There is already good practice that can be built upon, including the Ministry of Finance's support for Public Finance Management and the planned partnership with ADA in Ethiopia. The country strategy papers being developed for programme countries will be useful for achieving more effective aid delivery.

Strengthening performance monitoring and evaluation: Considerable strengthening of the Slovak development co-operation system's approach to evaluation is required in order to support learning, improve practices and meet accountability requirements. An evaluation budget has been established for 2011 and this should be used to develop and implement an evaluation agenda. There is a great deal of experience within DAC members that Slovakia could make use of in shaping its approach to evaluation. Three important areas of Slovakia's development co-operation that appear ripe for independent evaluation are: scholarships; Slovakia's support for Serbia; and the use of trust funds (Slovak-UNDP Trust Fund and Bratislava-Belgrade Trust Fund in particular) as instruments of ODA delivery.

Working with Non-governmental Organisations: NGOs are an important partner in Slovakia's development co-operation – as implementing agencies, policy discussants and, potentially, as part of accountability processes. NGOs are responsible for delivering half of Slovakia's bilateral ODA and these agencies are strongly dependent on the country's aid programme. This dependence may constrain the policy watchdog role that NGOs could and should be playing and there is also a limit to how far the

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government should delegate the implementation of its bilateral programmes to NGOs. Reform of the ODA business model may herald the beginning of a new kind of relationship with these key stakeholders.

Build capacity of the Ministry of Foreign Affairs and the Agency: The capacity and capability of the Ministry of Foreign Affairs and the Slovak Agency for International Development Co-operation are central to achieving Slovakia's development objectives. To strengthen these Slovakia needs to establish and recognise in the Ministry and the Agency a development co-operation career path; attract and retain a cadre of development professionals in the Ministry and the Agency; professionalise its approach to development co-operation; address the Ministry's frequent staff turnover; provide training for all Ministry staff in development issues; and ensure a proper set of career incentives are available.

BUILDING ON PROGRESS IN SLOVAKIA'S DEVELOPMENT CO-OPERATION

1. The strategic orientation of Slovakia's development co-operation

1.1 Introduction

1. Non-DAC OECD Members have in recent years significantly increased their interest in the work of the OECD Development Assistance Committee (DAC) as well as in potential future membership, particularly in view of ambitious commitments to scale up their development assistance. The Slovak Republic has participated in most formal DAC meetings since 2000, including the Annual High-Level and Senior-Level Meetings, and it has reported its Official Development Assistance (ODA) to the DAC since 1999. The Slovak Republic has expressed interest in learning from the good practices of DAC members and in 2009 it participated as an observer in the DAC Peer Review of Austria. In this context, Slovakia approached the OECD Development Cooperation Directorate (DCD)/DAC Secretariat in November 2009 with a request for a review of its aid management system (special review) to support expected reforms of its development co-operation.

2. The special review took place over the period of November 2010 to February 2011 and involved a visit to Bratislava in December 2010 by the special review team as well as analysis of documentation and extensive discussions with key stakeholders. The special review team comprised representatives of The Netherlands and the United Kingdom and experts from the OECD DCD. The special review is modelled on the DAC peer review process. It focuses on issues of aid management and refers to DAC knowledge and norms of good practice. It is designed to provide critical, helpful and respectful professional insight in support of the Slovak Republic's operation and management of its aid system. The review is also relevant in the context of the Slovak Republic's role and obligations as a bilateral donor within the European Union (EU) framework. It offers the DAC and its Secretariat a better understanding of the issues of concern of the non-DAC donor community and is an important contribution to the development dialogue between the DAC and non-DAC donors.

1.2 Slovakia today

3. Over the past twenty years Slovakia has rapidly transformed itself into a successful democratic society and market economy. It has been a member of the EU since 2004. The OECD's recent economic survey of the country reveals that after several years of growth the Slovak economy was hard hit by the global recession, much worse than several other OECD countries. However, the economy is now starting to recover and the government is coping with a budget deficit equivalent to 8% of its Gross Domestic Product (GDP). The OECD report also notes that there is room for improving public sector efficiency.

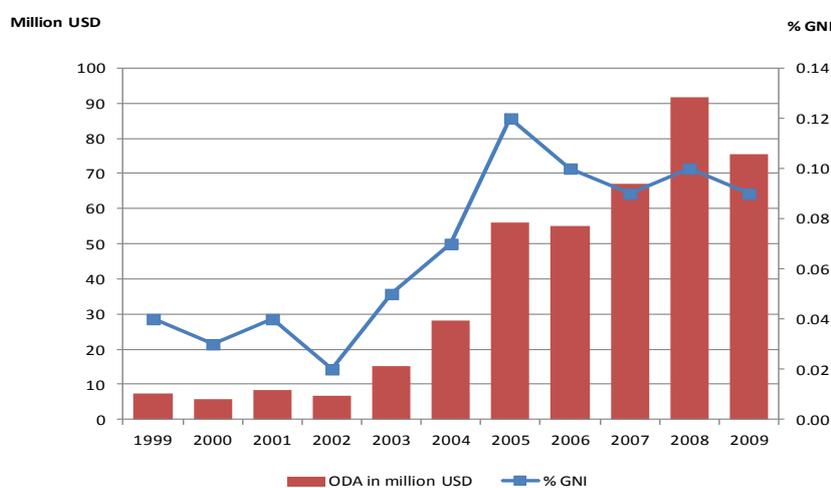
1.3 Progress in Slovakia's development co-operation

4. As part of its transformation and in the context of its EU membership Slovakia has steadily increased its ODA in recent years, see Figure 1 below. The special review team commends Slovakia for increasing its ODA and also for putting in place appropriate legislative, strategic and institutional frameworks for its development co-operation. These frameworks include: the *Official Development Assistance Act* of 5th December 2007 of the National Council of the Slovak Republic (effective from 1 February 2008); the *Medium-Term Strategy for Official Development Assistance of the Slovak Republic*

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for the years 2009-2013 – adopted in 2009; and *National Programmes for Slovak Official Development Assistance* for 2007, 2008, 2009 and 2010. These frameworks provide a solid basis for the country to further develop its aid programme so that it fully reflects key international commitments such as the Millennium Development Goals (MDGs) and the Paris Declaration on Aid Effectiveness. The future directions of Slovakia's aid in the context of the EU and international development commitments are still being clarified. Moreover, there are signs that growth in ODA is slowing, particularly in relation to the overall economic growth of Slovakia itself, and the country has not met its commitment as a new member of the EU to reach an ODA/GNI ratio of 0.17% by 2010 (see Figure 1 below). The achievement of Slovakia's commitment within the EU deliberations to reach an ODA/GNI ratio of 0.33% by 2015 is looking increasingly problematic. Slovakia's situation in respect to these targets is similar to some other new EU members, such as Latvia, Poland, Romania and Hungary.

Figure 1. Slovak net ODA disbursements 1999-2009



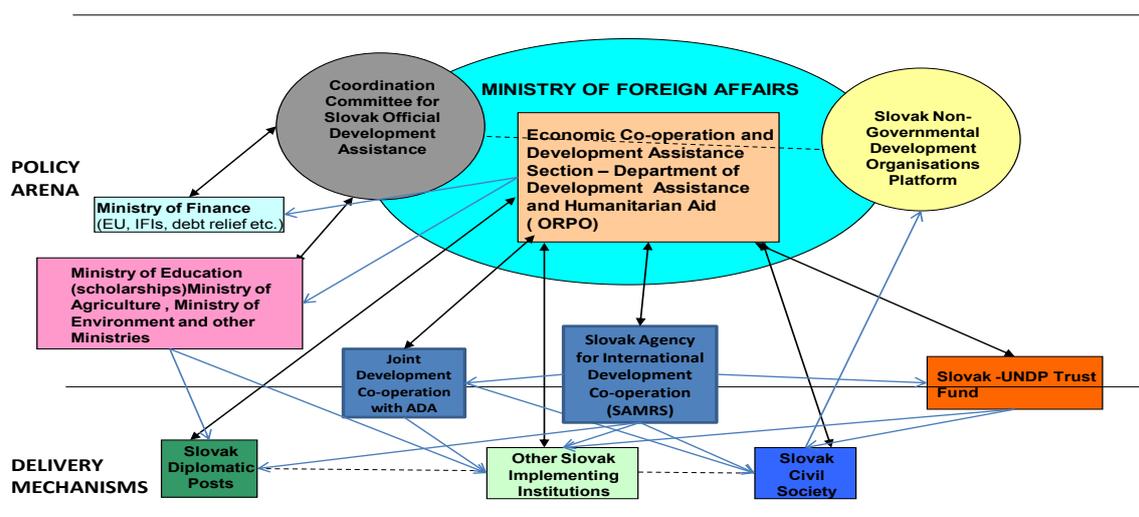
Source: DAC database, OECD.

1.4 Slovakia's development co-operation system

5. The Official Development Assistance Act makes the Ministry of Foreign Affairs responsible for leading and coordinating Slovakia's development co-operation. The Ministry is the main focal point for development co-operation strategy and policy leadership within the national system. Other parts of the Slovak Republic's government look to it for direction and guidance. Within the Ministry of Foreign Affairs, the Development Assistance and Humanitarian Aid Department (the Slovak acronym is ORPO) of the Economic Co-operation and ODA Directorate (the Slovak acronym is SHSR) is responsible for development co-operation. The implementation of bilateral development co-operation policy is mainly the responsibility of the Slovak Agency for International Development Co-operation (Slovak acronym SAMRS) which was established through the Official Development Assistance Act in 2007. The Ministry of Finance plays a key role in ODA allocations and multilateral channels and the Ministry of Education manages ODA funded scholarships which are a significant portion of Slovakia's bilateral aid programme each year. A total of 15 ministries and other state authorities are engaged in Slovakia's development co-operation and these are coordinated mainly at a high level through the auspices of the Coordination Committee for Slovak Official Development Assistance, chaired by the Ministry of Foreign Affairs. It is important to note, however, that only a handful of ministries (Foreign Affairs, Finance, Education, Defence, Agriculture and Interior) are responsible for significant amounts of ODA. The Ministry of

Foreign Affairs engages in policy consultations and discussions of strategy with Slovak development Non-governmental Organisations (NGOs) through the Slovak NGO Platform; a memorandum of understanding (MoU) was signed by the Ministry and the Platform in May, 2010. The various agencies responsible for Slovakia's ODA are shown below in Figure 2 and the development co-operation system, which is quite complex for such a small donor, is discussed in greater detail in the final chapter of this report.

Figure 2. Slovak Republic: development co-operation system



1.5 Legislative framework

6. Slovakia is commended for putting in place legislation for development co-operation – slightly more than one third of DAC members currently have this. The 2007 Act on Official Development Assistance (Act No. 617/2007 Coll.) establishes the legal and institutional framework for development assistance and is a strong statement of national priority. The Act requires assistance to be delivered in conformity with international principles (particularly the rules of the DAC), EU development policy and Slovak foreign policy and economic priorities. The Act also sets out the long term goals of Slovakia's ODA, the planning instruments to be used, the general modalities for ODA, the ODA authorities and the necessary requirements for the establishment of the Slovak Agency for International Development Co-operation. The government intends to amend the part of the Development Assistance Act dealing with grants to partner countries through NGOs to bring it into line with existing government legislation relating to budgetary rules. With regard to further amendments to the Act, Slovakia might find it helpful to compare its own legislation for development co-operation with that of Belgium, Canada, Denmark, Luxembourg and Switzerland – this comparative analysis might inspire further reforms of Slovakia's legislative framework. The Foreign Affairs Committee and the Economic Committee of the Slovak Parliament receive reports from the Ministry on the country's development co-operation. It is a new parliament and many Slovak MPs are unfamiliar with development co-operation and the subject is receiving insufficient attention. The Ministry of Foreign Affairs recognises this issue and is in the process of implementing a series of seminars on development co-operation for parliamentarians, particularly for

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the members of the Foreign Affairs and Economic Committees. The NGOs are also targeting parliamentarians with awareness raising activities.

7. Slovakia's legislative framework is completed by the Budget Law which confirms allocations for ODA (Slovakia operates a rolling three year budget – current year plus indicative budgets for the next two years) together with the *Government's Manifesto 2010-2014* which sets Slovakia's development co-operation in the context of EU membership and commits it to making ODA more transparent and effective. The Manifesto aims to reduce the number of partner countries, improve management of development co-operation and introduce independent monitoring and project success ratings. The Manifesto also identifies Slovakia's own transformation experience as something it can use to support developing countries. The Manifesto provides a strong agenda for reform of Slovakia's development co-operation, one which could help focus Slovak ODA on areas where it has a geographical and thematic comparative advantage. Slovakia should incorporate the Manifesto development co-operation aims within the next iterations of the Medium-Term Strategy and National Programme – this is discussed further in the next section.

1.6 Strategic framework

8. The broader strategic framework for Slovakia's development co-operation is provided by the *Orientation of the Foreign Policy of the Slovak Republic in 2010*. This document sets out the basic premises and key objectives of Slovakia's foreign policy. The emphasis of the policy is on enhancing Slovakia's bilateral co-operation with its key partners, particularly in Eastern Europe within the context of the EU and aid is seen as a key instrument within this broader framework. However, the development co-operation strategy is treated separately in Slovakia's foreign policy and is not fully integrated with the country's broader diplomatic objectives and is not informing key areas, such as: Slovakia's interests in the EU, strengthening relations with Slovakia's neighbours or addressing global challenges and security. Moreover, while officials in the Ministry of Foreign Affairs and the Ministry of Finance appreciate that development co-operation is an investment in a cleaner, more prosperous and safer world rather than an act of charity; this is not yet reflected in broader government policy. In fact, some commentators have even described Slovakia's aid as an 'unemployed foreign policy tool.' Australia is one example of a country that has integrated development co-operation effectively within foreign policy and Slovakia might consider this DAC member's experiences as an informative guide.

9. In March 2009, the government approved a Medium-Term Strategy for Official Development Assistance (2009-2013), setting out modalities and geographic and thematic priorities for Slovak aid. The Medium-Term Strategy is approved at the level of a Governmental Decree which makes it legally binding for all government departments. The Strategy focuses on the MDGs and states that: *Combating global poverty is not only a moral commitment, it also helps to build a more stable, peaceful, prosperous and equitable world. Even though the largest share of responsibility for their advancement is borne by developing countries themselves, the advanced countries also have a great deal of responsibility.* The Medium-Term Strategy covers both multilateral and bilateral ODA, including humanitarian assistance, and is implemented and its objectives are pursued through one year national ODA programmes as required by the Act on Official Development Assistance. These programmes are also approved at the level of Governmental Decree. The Medium-Term Strategy and the National ODA programmes for 2009 and 2010 are broadly in line with Slovakia's international commitments, particularly the MDGs, the Monterrey Consensus, the Paris Declaration and those of the EU, especially the *European Consensus on Development* (2006) and the *European Consensus on Humanitarian Action* (2007). These commitments are all clearly referenced in the Medium-Term Strategy and inform this document.

10. The National ODA programme for 2010 is the second national programme prepared under the Medium-Term Strategy and builds on the 2009 programme. The 2010 programme sets out to provide a

more foreseeable and transparent presentation of Slovakia's ODA allocations to programme and priority countries and thematic priorities. While the Medium-Term Strategy and National ODA programmes are useful elaborations of the principles and basic parameters of Slovakia's development co-operation, they do not state the overarching objectives of Slovakia's ODA or the strategic objectives that are to be achieved. The documents also do not include indicators that can be used to measure achievement or discuss how resources will be managed for development impact. The absence of these dimensions lessens the utility of the strategy and national programme as management and communication tools and will also make it difficult to evaluate progress in implementation and assessment of impact. Moreover, the National ODA programme does not fully serve the purpose of operationalising the medium term strategy and seems to be the product of an annual planning process that duplicates aspects of the planning for the medium term.

Policy gaps

11. The Act on Official Development Assistance provides a useful and solid basis for Slovakia's development co-operation. However, there are gaps between the Act and the medium term strategy in terms of policy for the whole of government on some key areas of development co-operation. These areas include: the overarching purpose of Slovakia's development co-operation, how this purpose is linked to Slovakia's foreign policy objectives, geographical and thematic priorities and focus, broader policy linkages between the Act and the medium term strategy, guidelines in respect of key international commitments and how these are to be fulfilled, direction for addressing key cross-cutting issues (such as gender and environment) and policies for what Slovakia is trying to achieve through multilateral channels. A key lesson from DAC peer reviews has been the importance of establishing a clear, top-level statement of the purpose of development co-operation that has wide ownership. The United Kingdom is an example of a DAC member that has managed to put in place a development co-operation act, complementary policy, a medium term strategic framework and annual operational plans in an effective way. While the UK's development co-operation is much larger and more established than Slovakia's, the principles and tools that it is using to operationalise aid legislation and policy should be relevant for Slovakia.

Thematic and geographical focus

12. The key thematic foci for Slovakia's bilateral aid for the period 2009-2013 are: building democratic institutions as well as social, economic and infrastructure development. The MDGs, poverty reduction and improving basic services are also highlighted by Slovakia. The thematic scope of Slovakia's development co-operation is extremely wide and, in line with the aims of the Government Manifesto, the focus should be narrowed to those areas where the country has a clear comparative advantage relative to other donors. A key aspect of Slovakia's comparative advantage as a donor relative to other donors is that it is able to make available to partner countries its own experiences of transformation and the lessons that have been learned from this. Slovakia also has in-depth knowledge of and proximity to Eastern Europe and is thus well placed to help partner countries in that region to build democratic institutions and effective systems of governance. Slovakia should therefore ensure that its comparative advantage as a donor more consistently informs its policy and selection of priorities and countries.

13. Slovakia's bilateral development efforts are largely concentrated on its neighbours in Eastern Europe and the Balkans, but its aid is also benefiting some countries in Asia and in Africa. Over the next five years, Slovakia expects to maintain the volume of its multilateral ODA (around USD 56 million) and to increase the level of its bilateral ODA. The government reports that partner countries (see the list of these at Table 1 below) are selected on the basis of the Slovak Republic's comparative advantage as a new donor.

Table 1. Slovakia's partner countries, 2011

Groups	Countries
Programme countries: high priority	Afghanistan and Kenya
Project countries	Albania, Belarus, Bosnia and Herzegovina, Montenegro, Georgia, Macedonia (FYR), Moldova, Sudan and Ukraine

14. Political and economic criteria are also used to identify partner countries together with an assessment of developmental needs, logistical and practical criteria and the track record of Slovak aid in particular countries. As indicated in Table 1 above, Slovakia's partner countries are divided into two groups in accordance with prioritisation. Slovakia's support for the three programme countries involves more intensive co-operation and will, in due course, be reflected in country strategy papers. A key lesson from DAC peer reviews is that donors should focus their assistance on fewer countries, fewer sectors and, in particular, fewer activities. Slovakia plans to reduce the number of its partner countries and the range of its activities and this welcome commitment is discussed further in the next chapter of this report.

Multilateral aid

15. Slovakia is committed to multilateralism and strongly supports multilateral approaches to solving key global issues. The bulk of Slovakia's multilateral aid is its mandatory assessed contribution to the EU but it also contributes to more than 100 other international organisations. The government reports that it exercises careful selection over its multilateral financing and uses monitoring and evaluation mechanisms to determine allocations to multilateral entities and levels of funding. However, the significant number of multilateral beneficiaries suggests that selection of these could be tightened further. In particular, Slovakia should consider the extent to which the Slovak agency (the Ministry of Foreign Affairs or another ministry) managing the relevant multilateral institution contribution is able to exercise meaningful oversight of its portfolio. One DAC member, Australia, has recently conducted a review of its multilateral portfolio, paying particular attention to its management and oversight capabilities, and has managed to rationalize its multilateral ODA as a result.

Humanitarian assistance

16. Humanitarian aid is not a focus of the special review. However, it is important to note that it is specified in the Act on Official Development Assistance and is included in the Medium-Term Strategy. Slovak humanitarian aid is provided under a mechanism approved by the Slovak Government in 2006 that is broadly in accordance with the Good Humanitarian Donorship (GHD) Initiative, of which Slovakia is a member. Slovakia joined GHD in 2007, the same year that it also joined the European Consensus on Humanitarian Aid, and is an active member of this forum. Slovakia spent USD 5 million on humanitarian assistance between 2008 and 2010 – this is 32% more than Portugal, a DAC member, for the same period.

1.7 Building up public awareness and ownership of the official aid programme

17. DAC peer reviews have shown that public awareness of, and support for, development co-operation is fundamental. Support for and understanding of development co-operation is high in Slovakia, as measured by Eurobarometer (2009). However, national polls analysed by the UNDP in the period 2005 – 2009 indicate that only 40% of Slovaks regard it as their country's moral obligation to provide development assistance to poor countries; this is a lower figure than for Croatia, Poland and Romania. The Slovak government sees public support as a key challenge for scaling-up ODA efforts, and adopting good development co-operation practices for aid delivery. There is still a lot to be done in Slovakia in order to change the public misconception of development cooperation as solely humanitarian aid or charity. Activities in awareness-raising and development education are therefore of crucial importance.

Communication strategy

18. The special review team commends the Ministry of Foreign Affairs for putting in place a Communication Strategy. The objective of the strategy is “to promote and foster trustworthiness of the Slovak ODA provision to developing countries, and explain the basic parameters of the ODA to the professional and lay public in a responsible and understandable manner.” The strategy seeks to achieve this objective through information and communication activities that target the general public and certain key stakeholders, including: politicians, key institutions, media, business community, and students. The basic principles of the strategy could be strengthened through the inclusion of policy coherence, including a whole of government approach to development co-operation and results orientation – in particular, gathering and utilising results stories that interest and engage the target audience. As a new donor, Slovakia has an opportunity to learn from the lessons of others about how to link the process of managing for results with communicating about results – managing for results is discussed in more detail in the final chapter of this report. The groups targeted by the strategy are comprehensive. Given the limited resources available for communication, Slovakia needs to prioritise. In particular, the target group of “politicians” should be reduced to members of parliament as these are potential multipliers: once you have informed and convinced them, they will not only be crucial in approving political decisions and budgets needed for development, but they will also have a major impact on public opinion (via the media).

19. Most DAC members have chosen to support and finance development communication and education activities of civil society, recognizing that it is better to let citizens inform citizens as the state has strong self interests. However, the government should regulate its funding programmes to ensure that civil society activities are effective and are not just “preaching to the converted.” The strategy mentions a “working group for development education and public awareness” without explaining its role, membership and purpose - these points need to be clarified. Slovakia might benefit from considering the communication strategies of certain DAC members, such as Ireland – this country has managed to achieve high levels of public support for its development assistance. The Netherlands, too, is effectively communicating the results of its development co-operation and may also be worthy of Slovakia’s attention in this regard.

Global education

20. The Slovak communication strategy also includes initial work on the development of a global education curriculum for the country’s schools, in association with Slovak NGOs and the Ministry of Education. Portugal has recently developed a global education curriculum and successfully introduced this to its schools and this DAC member’s experience may be relevant to Slovakia. Portugal developed its global education programme with the assistance of three other DAC members with good practices in global education, Austria, Finland and Ireland; the Global Education Network Europe (GENE) also played a useful supporting role. The Ministry has only a small budget for communication (60,000 Euros annually) and this will need to be increased if the strategy is to have any significant impact.

Policy coherence for development

21. Educating and engaging the public and working with civil society to raise awareness of development and development co-operation are two elements of the first of the necessary building blocks for achieving policy coherence for development (PCD). These three PCD building blocks are: (i) political commitment and policy statements; (ii) policy coordination mechanisms; and (iii) systems for monitoring, analysis and reporting. Most DAC members are now setting clear mandates and establishing mechanisms to ensure that policies are assessed for their impact on poor countries. In a globalizing world, the impacts of Slovakia’s policies, not just its development co-operation policies, are felt far beyond its borders. To meet the challenge of reducing global poverty, Slovakia needs to ensure that its policies on issues which go

beyond aid and development assistance are supportive of, or at least do not undermine, the interests of the developing world. This is the PCD agenda and it is linked to coherence for aid effectiveness and whole of government approaches both of which are referred to in the next paragraph. Slovakia's development co-operation community needs, over time, to engage with other policy communities inside the country so that instruments that deliver progress towards multiple policy objectives can be discussed and designed. The process of working towards greater PCD is one of ensuring that policies are pulling together in pursuit of development objectives. A good example for Slovakia to consider might be Sweden's *Policy for Global Development* which was adopted by the Swedish government in 2003.

1.8 Making Slovakia's development co-operation more effective

22. The Slovak Republic is committed to the Paris Declaration in line with its EU commitments, notably the European Consensus on Development. The Medium Term Strategy emphasizes three basic rules and principles in this regard: effectiveness (as defined in terms of the Paris Declaration); coherence for development policy across the whole of the Slovak government, as referred to above; and flexibility of the mechanism for the provision of Slovak ODA. Slovakia does not have a Paris Declaration Action Plan but the principles of aid effectiveness are elaborated in the Medium Term Strategy with statements of positive intent for ownership; alignment; harmonization; result-oriented management; mutual accountability and transparency. While Slovakia's commitment to these principles is clear, the current ODA business model employed by the Ministry of Foreign Affairs for its bilateral programmes is not conducive to their achievement. This model maximizes the role of Slovak agency and personnel for visibility and emphasizes capacity building of Slovak entities. The model, based as it is on annual calls for proposals within Slovakia, does not permit alignment with partner country owned strategies, harmonization, mutual accountability or the use of partner country systems – this issue is discussed further in the final chapter of this report.

23. In its *Country Memorandum* prepared for the special review the Government of the Slovak Republic acknowledges that its development co-operation is implemented solely by Slovak entities and is thus tied. On the positive side, Slovakia's engagement in joint co-operation with Austria's development agency in Serbia and Ethiopia is a move towards untied aid, particularly in the latter case as it involves implementation through Ethiopian local government entities. The Ministry of Foreign Affairs plans to prepare a report on the fulfillment of Slovakia's commitments under the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action by the first half of 2011. This report should be framed in accordance with the agreed key indicators for measuring implementation of the Paris Declaration principles. Given the significant proportion of Slovakia's bilateral ODA that is channeled through NGOs, the report should also consider how the Istanbul Civil Society Organisation (CSO) Development Effectiveness Principles¹ should be addressed. An outcome of this activity could be an aid effectiveness action plan for Slovakia which would be in line with the good practices of most DAC members.

1.9 Recommendations

24. To build on its good progress in establishing a legislative and strategic framework for its development co-operation, Slovakia should:

- put in place a whole of government policy that reflects Slovakia's vision of its place in the world; Slovakia's "identity" or "brand"; and its comparative advantage as a donor. Agreed across Government, the policy should have wide ownership and remain relevant for the medium to longer term - it could provide:

1. Principles adopted by the Open Forum for CSOs at its Global Assembly in Istanbul, Turkey in September 2010. CSO representatives from 80 countries are committed through these principles to take pro-active actions to improve and be fully accountable for their development practices.

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- a clear, top-level statement of the purpose of Slovak development co-operation and how this relates to Slovakia's national interests and the peace and security orientation of its foreign policy;
 - a clear statement of Slovakia's geographical and thematic focus;
 - a necessary link between the Development Co-operation Act and the Medium Term Strategy;
 - direction for fulfilling Slovakia's key international commitments for poverty reduction, peace and stability;
 - direction for addressing key cross-cutting issues such as gender and environment; and
 - direction for the whole of government on what Slovakia is trying to achieve through multilateral ODA.
- develop the policy on the basis of wide consultation with stakeholders (parliamentarians, ministries, NGOs, private sector, the public and the media) on Slovakia's development co-operation objectives and how these relate to foreign policy;
 - strengthen its medium term strategy by sharpening its strategic and programme objectives, identifying key results to be achieved bilaterally and multilaterally and developing indicators to measure achievement - the National Programme should become an annual operational plan to deliver the medium term strategy; and
 - strengthen public engagement by gearing its development communication and global education curriculum towards results, Slovakia's contribution to these and why this matters for Slovakia's security and prosperity.

2. ODA volume, channels and allocations

2.1 What is the level of Slovakia's ODA today?

25. As a new member of the EU, the Slovak Republic is endeavouring to reach an ODA/GNI ratio of 0.17% by 2010 and of 0.33% by 2015. The Slovak Republic is far off track for meeting these commitments (see Figure 1 in the previous chapter). In 2009 the Slovak Republic's net ODA amounted to USD 75 million, representing a decrease of 19.5% in real terms from the USD 92 million it spent in 2008 (see Table 2 below). The ODA GNI ratio also dropped from 0.1% in 2008 to 0.08% in 2009 and is expected to stay at around that level during 2010.

Table 2. Slovakia's bilateral and multilateral ODA, 2000-2009 (net ODA disbursements – USD million)

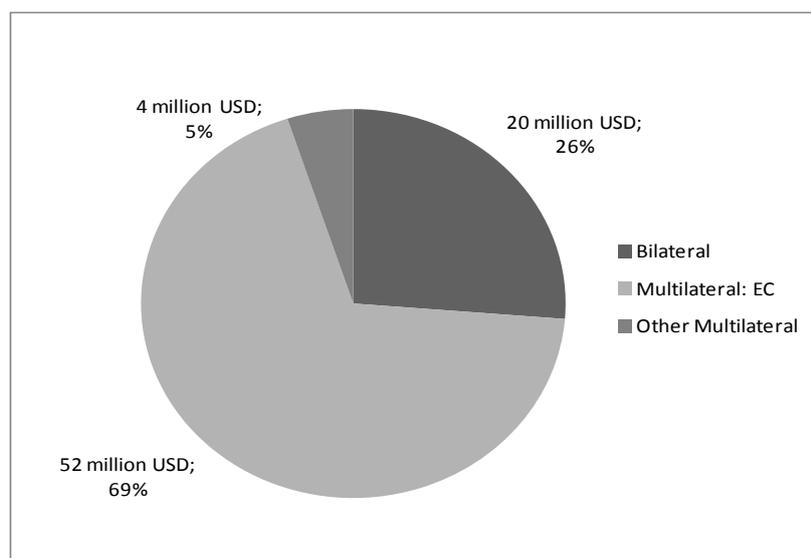
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Bilateral ODA	2	3	4	9	11	31	25	28	41	20
<i>% bilateral ODA</i>	29%	41%	56%	57%	38%	55%	45%	41%	44%	26%
Multilateral ODA	4	5	3	7	17	25	30	40	51	56
<i>% multilateral ODA</i>	71%	59%	44%	43%	62%	45%	55%	59%	56%	74%
TOTAL NET ODA	6	8	7	15	28	56	55	67	92	75

Source: DAC database, OECD

26. The commitment made at the highest level to increasing development co-operation is positive, but the aid volume target of an ODA/GNI ratio of 0.17% by 2010 has been missed. The achievement of the commitment to reach 0.33% by 2015 is increasingly problematic. The Ministry of Finance is not optimistic about the achievement of the 2015 ODA volume target. Two things appear to be needed currently: firstly, the Government needs to assess why the 2010 target has not been met and what this means for the 2015 target; and, secondly, new targets will need to be developed within the context of the EU deliberations on future ODA volumes. These new targets need to be formally committed to, and widely publicised.

2.2 The European Union – the main channel for Slovakia's ODA

27. As a member of the EU, Slovakia channels the bulk of its aid (69% in 2009) through its obligatory contributions to the EU development budget which, in 2009, was USD 52 million; representing 93% of multilateral aid (see Figure 3 below). The Slovak Republic's development co-operation effort should be seen in the context of the country's EU membership. As its development co-operation has evolved, particularly after 2007 and the establishment of the Slovak Agency for International Development Co-operation, the scope of Slovakia's co-operation with the EU should have framed the country's development co-operation to a greater extent. This is happening in the case of Slovakia's support to Bosnia and Herzegovina, Montenegro and Ukraine in the context of the EU's support for the Western Balkans and Eastern Partnership countries and this experience can be built upon. A further aspect of these complementarities is that Slovakia's contributions to the EU development budget are benefiting countries in Africa and Asia and this should be more widely acknowledged in the communications of the Ministry of Foreign Affairs and in decision-making processes regarding selection of partner countries.

Figure 3. Slovak net ODA disbursements in 2009

Source: DAC database, OECD

2.3 *Other multilateral channels*

28. The Slovak Republic's multilateral aid has grown significantly since 2004, when the country joined the EU, and, in 2009, 74 per cent of its ODA (USD 55 million) was delivered through multilateral institutions (as noted above, 93% of this goes to the EU). In comparison, on average, multilateral aid accounts for 27% of gross ODA of DAC members. The balance of Slovakia's multilateral ODA, after the EU contribution has been subtracted (USD 4 million or 5% of the total ODA in 2009), is mainly channeled through and to the following organisations: European Investment Bank (EIB); European Bank for Reconstruction and Development (EBRD); the Organisation for Security and Co-operation in Europe (OSCE); the World Trade Organisation (WTO); the United Nations (UN) system, particularly UNDP; and the World Bank Group, particularly the International Development Association (IDA) – Slovakia made a pledge to the 15th replenishment. The Ministry of Finance plays the key role in managing multilateral funding through the International Financial Institutions (IFIs), including allocations, policy and relationships. Slovakia actively seeks to influence multilateral organisations through its support and is also making use of Trust Funds that are tied to Slovak technical assistance, such as the EBRD Technical Co-operation Fund which is worth 1.625 million Euros. It is important to note that Slovakia is contributing to over 100 multilateral entities. As discussed in the previous chapter, there is scope for rationalisation and streamlining of this support based on an assessment of effectiveness, Slovakia's criteria for supporting multilateral organisations, Slovakia's development objectives and strategic choices and its capacity to monitor aid.

2.4 *Bilateral channels*

29. Bilateral aid stood at USD 20 million in 2009, representing 26% of the Slovak Republic's ODA. As noted in the previous chapter, Slovakia's bilateral programme is spread across a relatively large number of partners; at least 30 nations received support from the country in 2009. During 2008 and 2009 three Programme countries, Afghanistan, Kenya and Serbia (now no longer a partner country), accounted for 9% of Slovakia's bilateral ODA. In addition, 16 project partner countries in 2009 (Albania, Belarus, Bosnia and Herzegovina, Montenegro, Ethiopia, Georgia, Kazakhstan, Kyrgyzstan, Macedonia (FYR), Moldova, Mongolia, Sudan, Tajikistan, Ukraine, Uzbekistan and Vietnam) together with 9 others (Bangladesh,

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Cambodia, China, Haiti, Liberia, Mozambique, Palestine, Pakistan and Taiwan) accounted for 46% of Slovakia's bilateral ODA over the same period. It would be more effective if Slovakia concentrated its bilateral resources on a smaller number of partner countries in line with the aims of the Government Manifesto. There is no agreed rule of thumb to be used to determine the optimum number of partner countries for Slovakia, but a useful benchmark would be to look at the concentration of gross bilateral ODA. The aim of a small donor should be to concentrate the majority of gross bilateral ODA on no more than, say, ten recipient countries. Poland managed to do this in 2007-2009 with 90% of its gross bilateral ODA benefiting ten recipients. Among smaller DAC members in 2007-08 Australia's top ten recipients received 70% of its gross bilateral ODA; Austria's 79%; and Greece's 62%. In comparison, the top ten recipients of Slovak aid received less than 24% of Slovakia's gross bilateral ODA in the period 2007-09 (see Table 3 below).

Table 3. Top ten recipients of Slovak gross bilateral ODA
3-year averages, 2001-2009 - USD million

2001-2003		2004-2006		2007-2009	
Serbia	0.61	Sudan	10.83	Liberia	8.36
Iraq	0.28	Afghanistan	2.11	Sudan	5.98
Sudan	0.13	Serbia	1.69	Serbia	1.86
States Ex-Yugoslavia	0.12	India	0.67	Afghanistan	0.70
Kenya	0.12	Bosnia-Herzegovina	0.57	China	0.51
Algeria	0.07	Mongolia	0.55	Ukraine	0.51
Kyrgyz Republic	0.07	Albania	0.49	Kyrgyz Republic	0.43
Uzbekistan	0.07	Kazakhstan	0.48	Montenegro	0.36
Kazakhstan	0.07	Iraq	0.47	Bosnia-Herzegovina	0.32
Albania	0.07	Kenya	0.44	Tajikistan	0.23
Share of gross bilateral ODA	11.90%		26.58%		23.98%

Source: DAC database, OECD

30. Two significant recipients of Slovak ODA during 2007-2009 were non-partner countries (see Table 3 above): Liberia received USD 12.54 million in debt relief (42% of Slovakia's bilateral ODA) and China received USD 0.51 million (almost 3% of Slovakia's bilateral ODA), mostly in the form of in kind humanitarian assistance. Slovakia should be clear about its objectives for co-operation with non-partner countries and finance it accordingly.

31. Although the share of bilateral ODA has decreased from a post-EU membership high of 55% (USD 31 million) in 2005, this is mainly due to a reduction in debt forgiveness which has been a significant feature of Slovakia's aid in recent years. A stock of debt relating to developing countries amounting to 190 million Euros remains and Slovakia is considering ways that this might be converted to debt relief in the future. The availability of this resource could enable Slovakia to move ahead with its aid volume targets while increasing programmable ODA at a manageable rate, bearing in mind the limited capacity available for managing development co-operation.

Aid modalities

32. With the exception of Liberia's debt relief, the main aid modality for the partner countries and other recipients is small-scale project-based aid delivered by Slovak agencies, including: Slovak NGOs, private firms, government agencies and local authorities under contract to the Slovak Agency for International Development Co-operation or the managers of the Slovak-UNDP Trust Fund. Approximately

50% of Slovakia's bilateral programme is delivered by Slovak NGOs each year with the other half divided between private firms (35%) and other government agencies (15%). The projects supported by Slovakia are mainly identified and approved through an established system of calls for project proposals for priority countries and sectors managed by the Slovak Agency for International Development Co-operation – this process is discussed in detail in the next chapter. The field missions play a minor role in determining allocations by country but they are responsible for managing micro-projects under the direct supervision of the Ministry of Foreign Affairs.

33. The Slovak government considers that “narrowly focused projects are more effective, resulting in stronger impact of development activities, better visibility of aid and full utilisation of their synergies.” However, given the limited capacity available to manage its bilateral aid programme, it would be more efficient and effective for Slovakia to move away from many small-scale aid relationships to a few broader, multi-year programmes or projects in its highest priority partner countries. These broader programme-based interventions should be aligned to the national development strategies of Slovakia's partner countries and harmonized with other donors. Slovakia's aid is not developed and agreed with partner governments or harmonised with other donors currently. As part of this move away from small-scale projects, Slovakia could consider multi-annual framework agreements with key NGOs and other agencies in the context of agreed country strategies. An important first step would be to develop Country Strategy Papers that analyse the needs of the highest priority partner countries, taking as a starting point for this analysis the partner country's own development strategies and plans. The Country Strategy Papers should also take account of the activities of other donors and the entry points for broader based programmatic assistance from Slovakia. These documents could then be the basis for dialogue with partner countries and other donors regarding Slovakia's contributions.

The Slovak-UNDP Trust Fund

34. The Slovak-UNDP Trust Fund operates under a Memorandum of Understanding (MoU) between the Ministry of Foreign Affairs and the UNDP's Regional Centre in Bratislava and is essentially bilateral funding channelled through a multilateral organisation. This Trust Fund was set up in 2003 and was originally designed to assist with the first steps of Slovakia's ODA delivery and in the years up to 2008 almost two thirds of Slovakia's bilateral ODA was managed through it, targeting about a dozen recipient countries with annual calls for proposals from Slovak entities. Many lessons were learnt during the period 2003-2008 and these have been incorporated to some extent into the practices of the Ministry of Foreign Affairs and the Slovak Agency for International Development and are discussed in the following chapter. The Trust Fund continues for a further two years but on a much smaller scale with an emphasis on further capacity building for Slovakia's development co-operation system.

Ministry of Finance: Public Finance for Development

35. The *Public Finance for Development: Strengthening Public Finance Capacities in the Western Balkans and Commonwealth of Independent States* is a three-year project (2009-2012) developed, financed and managed by the Slovak Ministry of Finance which builds on Slovakia's experience in public finance reform. It is focused on the sustainability and efficiency of a reformed public finance in the Western Balkans and Commonwealth of Independent States. The programme has a budget of just over USD 1 million and is carried out in cooperation with the Ministry of Foreign Affairs and the Slovak Agency for International Development Co-operation to ensure alignment with Slovak ODA and foreign policy priorities. Based on the assessment of the country profiles elaborated by the programme manager the Programme Board selected Serbia, Moldova and Montenegro as programme beneficiary countries for the first stage of implementation. Implementation plans for topics identified for Montenegro, Serbia and Moldova have been being discussed in order to jointly define the objective and results, timeframe of activities, and capacities and budget needed. In general, during the programming phase as well as during

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the implementation the government reports that due care has been taken in order to ensure that the programme is predictable, aligned with national strategic documents, harmonized with other key donors, that no extra conditionality are imposed and that it is transparently agreed with partner governments.

Joint co-operation

36. The Slovak Agency for International Development Co-operation has signed a MoU with the Austrian Development Agency (ADA) for joint development co-operation. Through this arrangement Slovak agencies will be able to work alongside Austrian agencies in certain partner countries, starting with Ethiopia, and gain capacity building benefits. Joint co-operation is clearly an area that could be developed further by Slovakia and its partners, particularly with other Eastern European and new EU member states such as: the Czech Republic, Poland, Hungary, Slovenia, Estonia, Latvia and Lithuania.

The importance of a focused approach

37. A useful lesson from DAC peer reviews is the importance of maintaining a focused approach for development co-operation. As discussed in the first chapter of this report, this means donors should support fewer countries, fewer sectors and, in particular, fewer activities. Given the limited resources of the Slovak Republic, it would be more efficient and effective for the country to prioritise its bilateral and multilateral partnerships in development. Slovakia should reduce the number of its partner countries in line with the Government's Manifesto commitment and allocate a much larger proportion of its bilateral ODA, say 90%, to these. Increasing the proportion of bilateral ODA spent on a smaller number of priority partner countries while also narrowing the thematic scope of its development co-operation and reducing the number of aid activities would increase the efficiency and effectiveness of Slovakia's aid. A more focused approach will deliver more and better results, higher visibility for Slovakia and greater scope for communication of achievements.

Scholarships

38. A significant element of Slovakia's technical aid provided in 2009 was the government scholarship programme administered by the Ministry of Education. Other Slovak ministries and state institutions (Ministry of Economy, Ministry of Agriculture, etc.) also engaged in technical assistance activities in 2009, but on a much smaller scale. The Ministry of Education scholarships covered the total cost of study of almost 50 students at Slovak public universities. In 2010 a total of EUR 1,976,366 was allocated for 118 students from September 2009. The scholarships are limited to three per partner country. The long-term students are trained in the Slovak language in the first year of their scholarships in order to be able to pursue a university programme in the following years.

39. The government realises that bringing foreign students to Slovakia to study can be costly and the development outcomes of this kind of aid are uncertain. The government reports that very few of the scholars return to their home countries at the end of their training programmes. The developmental benefits of Slovakia's scholarships and the potential negative effect of brain-drain on poor countries' development should be the subject of an evaluation commissioned by the Ministry of Foreign Affairs in association with the Ministry of Education. Several DAC members, the World Bank and UNESCO have completed evaluations of donor funded scholarships in recent years and concluded that there are other, more effective ways of attaining the objective of building partner country capacity – such as through strengthening tertiary education in the partner country itself or capacity building activities in the partner country. Slovakia should consider the implications of the main findings of these studies for its own scholarship programmes. It is important to note that in order to report scholarship costs as ODA, there should be a mechanism in place to ensure that these students return to their home countries.

NGOs

40. As noted above, development NGOs are among the key implementers of Slovakia's bilateral development assistance through the annual call for proposals mechanism, delivering half of the country's bilateral aid in most years. As discussed in other sections of this report, this mechanism is a form of tied aid and is a constraint to Slovakia moving towards forms of aid delivery that are more in line with the Paris Declaration. The proportion of Slovakia's bilateral aid channelled through Slovak NGOs is much higher than the DAC average of 20% in 2009. In line with aid effectiveness principles, DAC members are using a range of channels for delivering their bilateral aid and many of these could also be used by Slovakia. These alternative channels could include other, non-NGO, Slovak and partner country entities, contributing to pooled funds (either donor-managed pooled funds or partner country managed pooled funds) and sector or general budget support. NGOs are represented on the government's ODA Coordination Committee and through this and the NGO Platform they are given opportunities to participate in the development and refining of development co-operation policy and strategy.

2.5 *Statistics and reporting*

41. ORPO of the Ministry of Foreign Affairs collects statistics on Slovakia's multilateral and bilateral aid, including gross and net aid by country and by region, but not by sector. These statistics are reported to the DAC. Slovakia has made progress in collecting and reporting on its ODA statistics but it is possible that not all of the country's aid efforts are being captured in its reporting. The Ministry of Foreign Affairs should work closely with the Ministry of Finance and other ministries to ensure that all ODA reporting is timely and accurate – the starting point for this should be to ask all line ministries and other official bodies to report all activities that they are undertaking in foreign countries and on behalf of foreign countries, such as receiving study visits to Slovakia. As the coordinator of Slovakia's ODA, the Ministry of Foreign Affairs, working closely with the Ministry of Finance, should review the reports from ministries to identify those activities that may be ODA.

42. The government is planning two comprehensive reviews of its management information systems and the Ministry of Finance and the Ministry of Foreign Affairs are exploring the possibility of building an ODA reporting system that is connected to the government's Budgetary Information System (BIS). In addition, the government would like to strengthen its capacity in statistics and to report to the OECD's CRS++ system, which is a much more detailed aid activity database. Support for system development and capacity building is available from OECD DCD, particularly to help the Ministry of Foreign Affairs to establish its reporting system by defining variables, establishing the basis of a relational database, advising on a user's manual and reporting guidance. Slovakia is encouraged to make use of this support in its efforts to improve its aid statistics and reporting.

43. In the recent past the Slovak Republic has shown interest in how to ascertain the ODA-eligibility of projects related to the Ministry of Defense/Interior. There are issues of ODA-eligibility for projects in the conflict, peace and security sectors. Unfortunately Slovakia does not currently report on its aid by sector, so it is difficult to know which projects may fall into this category. With improved reporting, Slovakia should be able to establish a more accurate picture of its contribution to the conflict, peace and security sector.

2.6 *Recommendations*

44. Slovakia should make every effort to honour its ODA volume commitments while also ensuring it channels its budget effectively. To do so, it should:

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- set out an ODA growth path with realistic annual targets in the light of anticipated economic growth, development co-operation capacity and opportunities (such as the stock of debt that may be granted as debt relief) - the new targets will need to be owned by the whole of government and widely publicised;
- prioritise and reduce the scope of its bilateral and multilateral partnerships, bearing in mind its comparative advantage as a donor relative to other donors and the capacity of its agencies to manage aid relationships effectively;
- continue to narrow its thematic focus while also reducing the number of aid activities, investing instead in a smaller range of larger projects or programmes that are aligned to partner country strategies; and
- build strategic partnerships with some key domestic NGOs, for example by introducing multi-year strategic framework agreements and consider other channels for bilateral development co-operation.

3. Organisation and management of Slovakia's development co-operation

3.1 How Slovakia's development co-operation is organised and managed today

The Ministry of Foreign Affairs

45. The 2007 Act on Official Development Assistance makes the Ministry of Foreign Affairs responsible for ODA within Slovakia's government and other ministries look to this Ministry to provide leadership. Within the Ministry of Foreign Affairs, ORPO (a unit containing 6 people) of the SHSR is responsible for the official development co-operation policy and strategy of the Slovak Republic and coordinating the implementation of these (see Figure 2 above). The Ministry is also responsible for building the capacity of Slovak entities engaged in Slovak development assistance efforts – a total of 15 other ministry and state authorities staff work on development co-operation in Bratislava (see Table 4 below).

46. The staff of the Ministry of Foreign Affairs responsible for development co-operation are diplomats and these officials rotate to other non-development posts every two or three years. While it is possible for a Ministry official to concentrate on development issues and developing countries in his or her career, this rotation of staff makes it difficult for the Ministry to build up a cadre of development professionals. The NGOs also confirmed to the special review team that frequent turnover of development co-operation staff in the Ministry of Foreign Affairs is disruptive and adversely affects working relations with key partners and the consistent application of policy and guidelines. A key challenge for the Ministry of Foreign Affairs is therefore to ensure continuity of staffing and the availability of development expertise. There are also some overlapping responsibilities across the different units of the Ministry, particularly between ORPO, SHSR and geographical and specialist departments and a clearer internal division of labour is needed to maximise efficiency and avoid duplication of effort. In addition, the Ministry is currently undergoing structural changes with Trade and Industry staff and responsibilities being brought into its organisation. It is possible that Trade and Industry staff joining the Ministry of Foreign Affairs may be given responsibility for development co-operation at posts – this additional capacity may be beneficial, but it will be important to ensure that development co-operation is not used primarily to promote Slovak trade and industry.

Table 4. Staff numbers in headquarters and the field, 2010

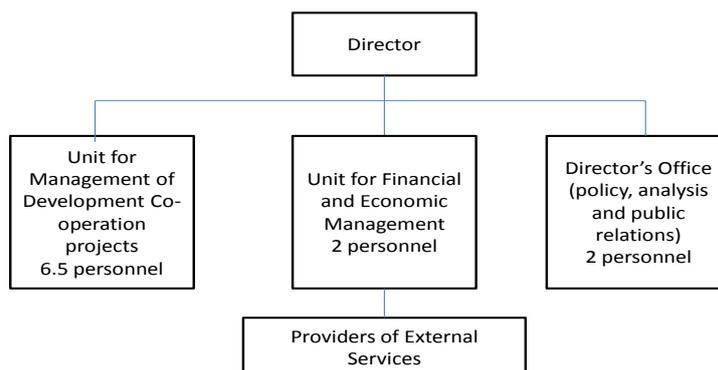
	Numbers of staff
Ministry of Foreign Affairs staff working on development co-operation (Bratislava)	6
Slovak Agency for International Development Co-operation (SAIDC) - Bratislava	11.5 (permanent staff) 3 (contract staff)
Other ministries and state authorities (Bratislava)	15*
Field: Slovak appointed staff	3*
Field: locally employed staff	1*
Total	39.5

* Aggregate of posts, all of which are responsible for other tasks besides development co-operation

The Slovak Agency for International Development Co-operation

47. The Slovak Agency for International Development Co-operation was established as the country's main bilateral co-operation implementing agency in 2007 and is staffed by 14.5 people (11.5 permanent employees plus 3 fixed term contract staff), see Figure 4 below. The Agency is also responsible for humanitarian aid.

Figure 4. Organisational structure: Slovak Agency for International Development Co-operation



48. A key aspect of the rationale for the Agency was to professionalise Slovakia's development co-operation and to create a specialist development co-operation organisation. The Agency is now judged by key stakeholders to be improving its performance and is actively addressing its human resource development needs through capacity-building events such as on-going training in project cycle management provided by USAID. However, the Agency is operating currently largely as an administrative organisation and it does not have development co-operation experts on its staff. While the Act on Development Co-operation makes it clear that the Agency is responsible only for implementing Slovakia's ODA as directed by the Ministry of Foreign Affairs, there is a risk that the Ministry, because it does not have sufficient development co-operation capacity and expertise, may involve the Agency in the design of strategy and policy. The experiences of DAC members such as Canada, Sweden and Germany would suggest that there should be no blurring of responsibilities in this regard and that the Ministry should be solely responsible for policy and strategy with the Agency responsible only for implementing ODA.

Strengthen the capacity of the Ministry of Foreign Affairs and the Slovak Agency for International Development Co-operation

49. Securing and developing well qualified and well motivated staff is essential for any development agency to function effectively. The capacity and capability of the Ministry of Foreign Affairs and the Slovak Agency for International Development Co-operation are central to achieving Slovakia's development objectives. To strengthen these Slovakia needs to establish and recognise in the Ministry a development co-operation career path; attract and retain a cadre of development professionals in the Ministry and the Agency; address the Ministry's frequent staff turnover, provide training for all Ministry staff in development issues; and ensure a proper set of career incentives are available. DAC peer reviews have pointed to the benefits of maintaining a reasonable level of core staff in development agencies, recruited with the expectation that they will spend a large proportion of their career on development issues.

Other Slovak ministries

50. Other ministries engaged in development cooperation include the Ministry of Finance (responsible for IFIs, multilateral payments, debt relief and, in liaison with the National Bank of Slovakia, lending operations) and the Ministry of Education (grants and scholarships to foreign students). A total of 19 Slovak ministries are engaged in development co-operation, but most of these are involved in only a small way, such as through membership of international organisations – for example, the Ministry of Health’s engagement in ODA is restricted mainly to managing Slovakia’s membership of the World Health Organisation (WHO). The concerned Slovak ministries each have an ODA budget line within their overall budget frameworks and this is approved annually within the context of the Budget Law. The Government’s main development co-operation coordination instrument is the Coordination Committee for Slovak Official Development Assistance which meets twice per year. The Committee is chaired by a senior representative of the Ministry of Foreign Affairs and is composed of high level members from other government bodies (many of which have only a slight engagement in ODA) as well as partners responsible for development assistance, including representatives of NGOs. The Committee is responsible only for Slovakia’s bilateral development co-operation. Because it is high level, there is a need to complement the Coordination Committee with a Project Committee for operational decision-making. The Project Committee is now an internal body of the Ministry of Foreign Affairs (previously it included representatives of other ministries). The Ministry of Finance informed the special review team that in its view the Project Committee should continue to include representatives of other ministries.

Improve coordination

51. There is scope for further development of ODA coordination. The Coordination Committee could be rationalised by converting it to an inter-ministerial committee for those ministries that are most involved in delivering ODA. A separate consultation forum could be established for dialogue with non-ministerial stakeholders. The overarching policy recommended in the first chapter of this report would provide a framework for such coordination and help to bring the different departments of the Ministry of Foreign Affairs into closer alignment, ensuring that development objectives are more effectively integrated into wider foreign policy.

Ministry of Foreign Affairs to work more closely with Ministry of Finance on ODA

52. There is also scope for the Ministry of Foreign Affairs and the Ministry of Finance to work more closely together on ODA, particularly in the areas of managing the relationship with the EU (especially in respect of substantive issues affecting the European Development Fund), engaging with the IFIs (such as jointly preparing for and attending key meetings), developing a multilateral ODA strategy, collaborating over the annual multilateral report produced by the Ministry of Foreign Affairs, planning for increased ODA volumes and improving the collection of and reporting on ODA statistics. With regard to planning for increased ODA volumes, the Ministry of Foreign Affairs is not engaged in the budget development process of other ministries and there is no overarching framework guiding ODA allocations across the government. The Ministry of Finance plays a key role in the formulation of all the ministries’ budgets but it does not get involved in the detail of these and thus doesn’t look specifically at the ODA components of allocations. The ministries are free to develop the ODA components in their respective budgets in accordance with their own priorities and obligations.

Slovak diplomatic missions

53. Slovak diplomatic missions play an important role in the implementation of Slovak aid and are directly responsible for implementing micro-grants in partner countries under close direction from the Ministry of Foreign Affairs. Former ambassadors consulted by the special review team reported that

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Embassies are not sufficiently involved in the development of policy and strategy. The Ministry of Foreign Affairs acknowledges this and is planning measures to ensure that by the end of 2011 these weaknesses are addressed. As part of the process of improving the quality of Slovakia's aid, diplomatic posts will need to be strengthened and their roles expanded to improve relations with partner countries and with other donors in the field. DAC peer reviews have shown that decentralization of responsibility to the field level can be beneficial, but it needs high quality, lean supporting systems. Slovakia could decentralize management of the micro-grants to the field as a first step toward broader decentralization.

Slovak NGOs

54. Slovak NGOs reported to the special review team that, notwithstanding the problems caused by frequent staff turnover referred to above, they enjoy good relations with the Ministry of Foreign Affairs, other ministries and the Slovak Agency for International Development Co-operation. These important stakeholders (there are 30 main NGOs) are consulted systematically on major issues mainly through the NGO Platform. Slovak NGOs are regarded by themselves and by the Ministry of Foreign Affairs as part of Slovakia's development co-operation system. The closeness of the relationship with the Ministry and the dependence of most of the NGOs on Slovakia's bilateral programme for funds is a constraint to the policy watchdog role that these key stakeholders could and should be playing. There are also efficiency, procurement and accountability issues that need to be addressed as the NGOs are delivering half of Slovakia's bilateral ODA as contractors, albeit non-profit ones. Part of the rationale for Slovakia's significant use of NGOs is to help build up awareness of development in Slovakia and many NGOs are engaged in public awareness campaigns funded by the Ministry of Foreign Affairs. Compared to other European NGOs with long standing relations with the EU, Slovak NGOs are in a weak position in respect of EU funding. The NGOs say that they need support from the Ministry of Foreign Affairs to build their capacity to access EU funding and to compete successfully for EU-financed projects. Slovak NGOs could consider linking up with larger bidders from other nations for EU contracts. Slovak NGOs might also strengthen their networks, find niches and enter into Slovak consortia to enlarge their market power, but Slovakia's ODA should not be used to support their development and capacity-building.

The Slovak private sector

55. The role of the private sector is being given an increasing emphasis in Slovakia's development co-operation. The special review team noted that the Ministry of Foreign Affairs and the Ministry of Finance may be mixing commercial and development objectives in a way that is incompatible with DAC standards for the use of development co-operation funds. While the DAC recognizes a legitimate role for the private sector in development co-operation, a clear distinction should be made between Slovak trade and investment promotion activities and development co-operation projects using the ODA budget. The two ministries could explore different options for involving the private sector in development co-operation, e.g. through public-private alliances, trade capacity building activities, investment guarantees and risk insurance schemes. The Netherlands has recently reformed its development related export transactions programme (known as ORIO), making this untied and there may be relevant lessons for Slovakia in this Dutch experience. It is appreciated that the rather small size and relative newness of the Slovak private sector makes it difficult for entrepreneurs to compete effectively for procurement under the rules of the European Commission and international financial institutions. As with the NGOs, Slovak firms could be encouraged to establish networks, find niches and enter into consortia to enlarge their market power, but Slovakia's ODA should not be used to promote their business, or to support their development and capacity building.

3.2 *Lessons learnt*

56. The period between 2003 and 2008 is regarded by most Slovak stakeholders as a foundation period for Slovakia's development co-operation. Many lessons were learned during this period, particularly through the Slovak-UNDP Trust Fund referred to earlier in this report and the Bratislava – Belgrade Fund (the tool for the bilateral official development assistance of the Slovak Republic to the Union of Serbia and Montenegro from 2003 until 2008). These lessons include:

- use of obligatory co-operation with a local partner organisation in all Slovak-funded projects;
- importance of concentrating Slovak ODA on fewer countries, fewer sectors and fewer and larger projects and programmes that are linked to broader partner country-owned strategies;
- use of Country Strategy Papers to both identify local needs and fields of possible co-operation and plan activities in consultation with partner countries and other donors;
- need for a strong legislative framework for Slovakia's development co-operation;
- need for better client relations through strengthened representation in partner countries and improved project monitoring and evaluation;
- importance of effective and streamlined project cycle management;
- need for greater complementarities between Slovak ODA and the EU; and
- importance of joint co-operation with larger donors for effective delivery of aid and capacity-building of Slovak aid entities.

57. While some of these lessons have been integrated into Slovakia's aid management processes, the Ministry of Foreign Affairs recognises that it has further to go, particularly in respect of prioritising Slovakia's ODA, introducing Country Strategy Papers, strengthening its representation in the field, streamlining and improving project cycle management, establishing monitoring and evaluation systems and achieving greater complementarities between its bilateral programme and EU development co-operation. Moreover, Slovak ODA needs to become more systematic and programme-based with an emphasis on deepening long-term development partnerships with a smaller number of countries.

3.3 *The bilateral ODA business model*

58. The lessons learned regarding bilateral programming have yet to be translated into improved operations. The programming process remains highly centralized and consists mainly of the annual call for proposals managed by the Slovak Agency for International Development Co-operation. Under this process the Agency invites proposals for development projects (in partner countries) and awareness-raising projects (in Slovakia) from Slovak NGOs, the private sector and certain other Slovak bodies on an annual basis. These proposals are for full financing of projects with the obligation, in the case of development projects, that a Slovak contractor must have a partner organisation in the recipient country.

59. Each call focuses on one or more priority countries, or on a priority theme. Information with each call includes the purpose of the grants, the amount of funding available (usually less than and not more than \$360,000 annually), the deadline for applications, the project implementation period (usually one to two years, but sometimes three), a proposal template, and a budget template. The project proposals are appraised by the Agency in the first instance against the criteria established for each call – those proposals

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that meet the formal and administrative criteria are then submitted to the Project Committee of the Ministry for evaluation and, subsequently, to the minister for approval. Contracts are then signed by the Agency with the successful bidders. The Agency and the contractors are jointly responsible for monitoring implementation. There are currently about 100 projects being implemented annually through this process. The call for proposal process is not linked to country strategies as these do not yet exist, nor is there any partner country engagement beyond the obligation of the NGO to establish a local partner, usually an NGO. The NGOs and other stakeholders consulted by the special review team commented that the Project Committee's functions would be improved by the inclusion of some external experts as is the case under the UNDP Trust Fund arrangements. It might be helpful for Slovakia to review the recent Secretariat report on how DAC members work with civil society organisations ([DCD/DAC\(2010\)2](#)). While many DAC members use calls for proposals for certain aspects of their programmes, these modalities would not usually account for more than 5-10% of their total ODA. Slovakia's reliance on this business model for the entirety of its bilateral programming constrains its capacity to move towards a more systematic and programme-based form of development co-operation. It also constrains Slovakia's capacity to scale up its bilateral programme as envisioned. A key challenge for Slovakia is therefore to reform its aid management so that it can deliver more aid per head of agency staff, while increasing the effectiveness of this aid. These reforms will require Slovakia to introduce other aid delivery mechanisms to its bilateral programmes, such as contributing funds and technical inputs to larger joint programmes with other donors, multi-annual framework agreements with providers in the context of partner country-owned strategies, pooled funds and sector budget support. Spain is a good example of a DAC member that has faced and largely overcome significant challenges in scaling up its aid by over 50% in the last five years.

Deliver aid more effectively

60. To deliver aid more effectively, especially as ODA volume increases, Slovakia needs to reform its ODA business model. Slovakia should move away from small projects towards modalities based on country ownership of development and alignment with country strategies. By contributing to larger programmes supported by other donors Slovakia's visibility within a partner country will be enhanced and increased recognition will be given to the country's role. There is already good practice that can be built upon, including the Ministry of Finance's support for Public Finance Management and the planned partnership with ADA in Ethiopia. The country strategy papers being developed for programme countries will be useful for achieving development co-operation that is based on a thorough analysis of partner country needs (in close consultation with partner countries and other donors) and Slovakia's comparative advantage relative to other donors and should lead to more effective aid delivery.

61. NGOs are an important partner in Slovakia's development co-operation – as implementing agencies, policy discussants and, potentially, as part of accountability processes. But there is a limit to how far the government should delegate the implementation of its programmes to NGOs. Reform of the ODA business model may herald the beginning of a new kind of relationship with these key stakeholders.

62. MFA should operationalise the Government Manifesto commitment to concentrate its bilateral resources on a smaller set of partner countries and, in addition, move towards multi-annual framework agreements with NGOs and other implementers of Slovak ODA in the context of agreed country strategies.

3.4 *Shift to results-based management and reporting*

63. DAC peer reviews show that most donors are under increasing pressure from parliaments, government and civil society to use performance-based management approaches as a means of improving system efficiency and to achieve greater aid effectiveness and accountability. In connection with this, one of the most significant lessons identified through peer reviews has been the importance of developing a strong culture of managing for results within development agencies and aligning incentives accordingly,

but in ways that promote, not weaken, local structures of accountability. Managing for results is defined as managing and implementing aid programmes or projects in a way that focuses on results and uses information to improve decision-making. Currently within the Slovak development co-operation system there is very little by way of staff and financial resources devoted to measuring and demonstrating aid effectiveness and impact. The Government Manifesto aim of introducing independent monitoring and project success ratings has yet to be taken forward, but there is clearly an opportunity for Slovakia to move towards results-based management and reporting. Most DAC members' results-based management systems include the following features:

- **Formulating objectives:** Identifying in clear, measurable terms the results being sought and developing a conceptual framework for how the results will be achieved.
- **Identifying indicators:** For each objective, specifying exactly what is to be measured along a scale or dimension.
- **Setting targets:** For each indicator, specifying the expected or planned levels of result to be achieved by specific dates, which will be used to judge performance.
- **Monitoring results:** Developing performance monitoring systems to regularly collect data on actual results achieved.
- **Reviewing and reporting results:** Comparing actual results vis-à-vis the targets (or other criteria for making judgements about performance).
- **Integrating evaluations:** Conducting evaluations to provide complementary information on performance not readily available from performance monitoring systems.
- **Using performance information:** Using information from performance monitoring and evaluation sources for internal management learning and decision-making and for external reporting to stakeholders on results achieved. Effective use generally depends upon putting in place various organizational reforms, new policies and procedures, and other mechanisms or incentives.

64. Slovakia should consider introducing these features to its own development co-operation and take advantage of the experience of DAC members, such as Canada (CIDA), that have successfully established the functions of results-based management, evaluation, internal audit and knowledge management within their operations.

Strengthen evaluation and reporting

65. Considerable strengthening of the Slovak development co-operation system's approach to evaluation is required in order to support learning, improve practices and meet accountability requirements. Slovakia has received EU funds to build an evaluation system and is being supported by SIDA. An evaluation budget has been established for 2011 and this should be used to develop and implement an evaluation agenda. In connection with this agenda, three important areas of Slovakia's development co-operation that appear ripe for independent evaluation are: scholarships; Slovakia's support for Serbia; and the use of trust funds as instruments of ODA delivery. In addition, overall performance under the Medium Term Strategy 2009-2013 will be monitored by means of a mid-term and final review under the auspices of the ODA Coordination Committee. The Mid-Term Review is scheduled for 2011 and the final review will be completed by 30 June 2014. The results of these evaluations should feed into the design of the new Medium-Term Strategy for the period 2014-2018. Slovakia should review the experiences of DAC

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members in establishing evaluation systems (recently documented by the OECD DCD) and, in particular, look at the practices of The Netherlands, Belgium and Luxembourg. The latter DAC member may provide the most relevant ideas for Slovakia as this small donor has established two modest units (three people in Luxembourg's development agency and one in the Ministry of Foreign Affairs) and draws extensively on external resources for independent evaluations, while delegating self-evaluation to operational departments and implementing partners.

66. Slovakia has made progress in collecting and reporting on its ODA statistics but it is possible that not all of the country's aid efforts are being captured in its reporting. The Ministry of Foreign Affairs should work closely with the Ministry of Finance and other ministries to ensure that all ODA reporting is timely and accurate.

3.5 Recommendations

67. Slovakia has made progress in improving the management and coordination of its development co-operation. To build on this it should:

- establish and recognise in the Ministry of Foreign Affairs a development co-operation career path; attract and retain a cadre of development professionals in the Ministry and the Agency; address the Ministry's frequent staff turnover, provide training for all Ministry staff in development issues; and ensure a proper set of career incentives are available;
- convert the ODA Coordination Committee to an inter-ministerial committee for those ministries that are most involved in delivering ODA - a separate consultation forum could be established for dialogue with non-ministerial stakeholders;
- reform its ODA business model and move away from small stand-alone projects towards programmatic modalities based on country ownership of development and alignment with country strategies – this reform may herald the beginning of a new kind of relationship with NGOs;
- demonstrate the results of and build public support for its development co-operation by moving towards results-based management and reporting;
- strengthen the statistical capacity of the Ministry of Foreign Affairs in respect of development co-operation and ensure that all ODA reporting by ministries is timely and accurate; and
- strengthen the Ministry of Foreign Affairs' and the Agency's monitoring and evaluation system.