

GREECE

Development Assistance Committee (DAC)
PEER REVIEW



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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The Peer Review Process

The DAC conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each member are critically examined approximately once every four or five years. Five members are examined annually. The OECD's Development Co-operation Directorate provides analytical support and is responsible for developing and maintaining the conceptual framework within which the Peer Reviews are undertaken.

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

The Secretariat then prepares a draft report on the member's development co-operation which is the basis for the DAC review meeting at the OECD. At this meeting senior officials from the member under review respond to questions formulated by the Secretariat in association with the examiners.

This review contains the Main Findings and Recommendations of the Development Assistance Committee and the report of the Secretariat. It was prepared with examiners from Luxembourg and New Zealand for the Peer Review on 22 November 2006.

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

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

List of Acronyms

AEI	Institute of Higher Education
BSTDB	Black Sea Trade and Development Bank
CAP	Common Agricultural Policy
CAP	Consolidated Appeals Process
DAC	Development Assistance Committee
DTS	Donor Technical Secretariat
EBRD	European Bank for Reconstruction and Development
ECOSOC	UN Economic and Social Council
EOSDOS*	Inter-ministerial Committee for the Coordination of International Economic Relations
FTS	Financial Tracking system
FYROM	Former Yugoslav Republic of Macedonia
GDP	Gross domestic product
GHD	Good Humanitarian Donorship
GNI	Gross national income
HiPERB	Hellenic Plan for the Economic Reconstruction of the Balkans
IBRD	International Bank for Reconstruction and Development
IOM	International Organization for Migration
IPS	Integrated Planning System
LDC	Least developed country
MDG	Millennium Development Goal
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
OCHA	Office for the Coordination of Humanitarian Affairs (United Nations)
ODA	Official development assistance
OSCE	Organization for Security and Co-operation in Europe
PPASBE*	Five-year Development Co-operation and Assistance Programme
PRSPs	Poverty Reduction Strategy Papers

TEI*	Institute of Higher Technology Education
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children Fund
USAID	United States Agency for International Development
WFP	World Food Programme
WTO	World Trade Organization
YDAS*	Hellenic International Development Cooperation Department – HELLENIC AID
*	Denotes acronym in original language

Signs used:

EUR	Euro
USD	United States dollars
()	Secretariat estimate in whole or part
-	(Nil)
0.0	Negligible
..	Not available
...	Not available separately but included in total
n.a.	Not applicable

Slight discrepancies in totals are due to rounding

Annual average exchange rate (EUR per USD)

2001	2002	2003	2004
1.1166	1.061	0.8851	0.8049

Greece's Aid at a Glance

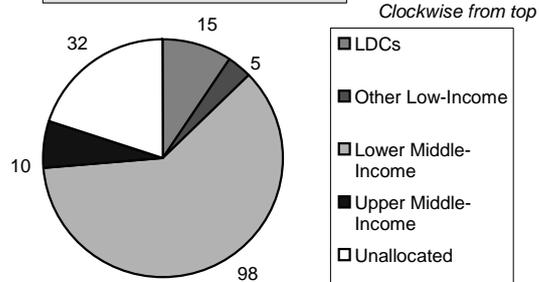
GREECE

Gross Bilateral ODA, 2004, unless otherwise shown

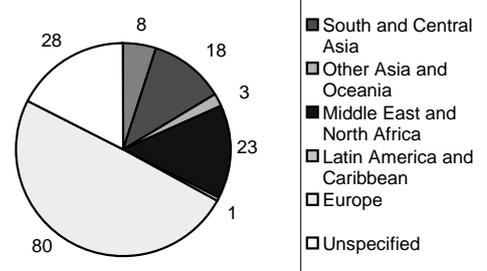
Net ODA	2003	2004	Change 2003/04
Current (USD m)	362	321	-11.4%
Constant (2004 USD m)	413	321	-22.2%
In Euro (million)	321	258	-19.4%
ODA/GNI	0.21%	0.16%	
Bilateral share	63%	50%	

Top Ten Recipients of Gross ODA (USD million)	
1 States Ex-Yugoslavia Unsp.	29
2 Albania	19
3 Serbia & Montenegro	12
4 Afghanistan	10
5 Bosnia and Herzegovina	7
6 Turkey	6
7 Iraq	6
8 Palestinian Adm. Areas	6
9 Georgia	5
10 Lebanon	3

By Income Group (USD m)



By Region (USD m)



By Sector

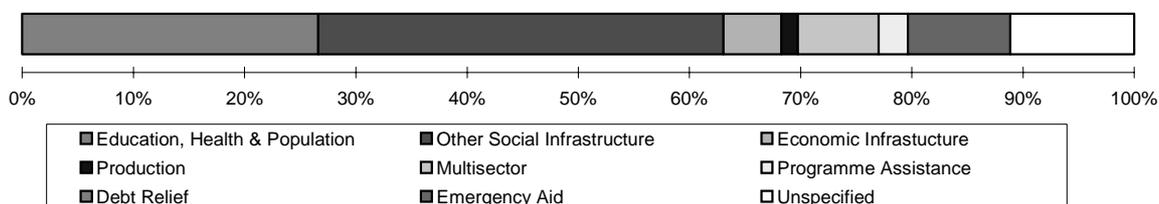


Table of Contents

The DAC's Main Findings and Recommendations	10
Secretariat Report	17

Chapter 1

Strategic Foundations and New Orientations

Strategic foundations of Greece development co-operation	17
New orientations since the 2001 Peer Review	17
The current vision of Greek development co-operation	17
Progress in addressing the DAC recommendations	18
Looking forward: the challenge of increasing aid.....	19
Public awareness and domestic policy dialogue	20
Wide support for humanitarian assistance, but weak public awareness about development	20
Parliament: Increased demand for efficient use of public funds	21
Steps taken to improve public support to aid	22
Future considerations	22

Chapter 2

ODA Volume, Channels And Allocation

Overall official development assistance.....	24
A modest development co-operation programme	24
Greek plan for increasing aid: an ambitious and challenging ODA/GNI commitment.....	24
The bilateral channel: Policies and allocations	25
Geographic allocation: Maintaining an appropriate concentration	25
Sector allocation: A strong focus on social infrastructure and services	26
Towards a progressive empowerment of Greek NGOs.....	27
The multilateral channel: Policies and allocations.....	27
Declining share of multilateral contributions dominated by the EU	27
A more strategic approach is needed.....	28

Chapter 3

Sector Priorities and Special Issues

The main orientations of the Greek aid programme	30
Focus on MDGs, along with increased emphasis on humanitarian activities and infrastructure.....	30
Fostering regional co-operation.....	31
A major component of the Greek aid programme: the Balkan programme (HiPERB)	31
A specific institutional framework	31
Delays in implementation.....	32
Perspective for coming years.....	33
Bringing together economic co-operation and official development assistance.....	33

An important focus on tertiary education.....	34
Future considerations	36

Chapter 4
Policy Coherence for Development

International background on policy coherence	37
Greece's approach to policy coherence	38
Immigration: a whole of government approach to address this significant policy issue	38
Fighting illegal migration, money laundering, organised crime and human trafficking	38
Strengthening policy coherence within the Greek administration	39
High-level political commitment is needed.....	39
Strengthening the whole-of-government approach through an effective consultation	40
mechanism.....	40
Future considerations	41

Chapter 5
Organisation and Management

Organisation.....	42
Strategic guidance and oversight.....	42
A stronger role for Hellenic Aid.....	42
... Even though many other official bodies remain involved in delivering the aid programme.....	43
A centralised approach	45
The pre-eminence of the call-for-proposals process.....	45
The challenge of giving a new dimension to the Greek aid programme.....	46
The need for consolidating and clarifying the system.....	46
Towards a more decentralised approach	47
Improving and going beyond the call for proposals	47
Building development capacity: human resource management	48
Shifting from a monitoring focus to a culture of results.....	49
Developing a strategic approach to non-government actors	50
Future considerations	50

Chapter 6
Field Operations and Effectiveness

The Greek development co-operation programme in Albania.....	52
Albania's context.....	52
Greece's relationship with Albania	52
Profile and characteristics of the Greek aid programme in Albania.....	53
Country programming and implementation: putting the action plan into practice	55
Greece's country strategy and programming	55
Aid modalities: a dominant project approach.....	56
Future considerations	58

List of Annexes

Annex A	The 2002 DAC Peer Review and Greece's Achievements.....	59
Annex B	OECD/DAC Standard Suite of Tables.....	61
Annex C	The Role of Greece in Humanitarian Assistance.....	68

Description of Key Terms	77
Bibliography	80

List of Tables

Table B.1.	Total financial flows	61
Table B.2.	ODA by main categories	62
Table B.3.	Bilateral ODA allocable by region and income group	63
Table B.4.	Main recipients of bilateral ODA	64
Table B.5.	Bilateral ODA by major purposes	65
Table B.6.	Comparative aid performance.....	66
Table C.2	Greek humanitarian assistance: characteristics of its two pillars.....	70
Table C.2.	Top recipients of Greek humanitarian assistance 2003 and 2004 in USD million.....	71

List of Figures

Figure 1.	Hellenic Aid organigramme	43
Graph B.1.	Net ODA from DAC countries in 2004.....	67
Figure C.1	Annual growth rates in humanitarian assistance and bilateral ODA 2000-04...	70
Figure C.2.	Greek bilateral humanitarian assistance 2000-04	71

List of Boxes

Box 1.	The 2004 Olympic Games: outstanding Greek efforts to promote Olympic values worldwide	19
Box 2.	Strong public response to humanitarian assistance needs.....	21
Box 3.	Educating increased numbers of migrants: a significant budgetary effort.....	25
Box 4.	The Balkan programme: examples of large-scale public projects	32
Box 5.	Policy coherence for development in the European Union	37
Box 6.	Fighting human trafficking: a coherent strategy involving nine ministries	39
Box 7.	Greek ministries and legal bodies involved in development co-operation	44
Box 8.	Modalities, policies and criteria for co-financing NGO projects.....	46
Box 9.	Hellenic Aid Action Plan calls for a results-based approach.....	49
Box 10.	Greece and the aid effectiveness agenda in Albania.....	54
Box 11.	Limits of annual commitments	56
Box 12.	A seed-potato centre in Georgia: appropriate support from the Agricultural University of Athens.....	57

THE DAC'S MAIN FINDINGS AND RECOMMENDATIONS

Overall framework and new orientations

Greece became a bilateral donor ten years ago and joined the DAC in December 1999. It has made progress in organising its development co-operation system over the last five years and aid volume has increased, but has substantial ground to cover in meeting the objectives it set for itself when joining the DAC and vis-à-vis the European Union (EU). As compared to other DAC members, Greece is a relatively small donor facing some large challenges in terms of further developing its strategic approach to development aid, strengthening its aid delivery system and adapting to new aid instruments. This must now be a key priority since Greece's commitment to reach the 2010 European Union (EU) target of 0.51% of Gross National Income (GNI) allocated to Official Development Assistance (ODA) means that it needs to build towards a programme of over USD 1 billion, three times the 2004 level in real terms. In doing so, Greece can draw on a strong political will as well as committed staff. As the most recent DAC member, Greece's response to the challenges and opportunities which it faces in adapting to an evolving aid environment while scaling up its aid will be of considerable interest not just to the DAC but to emerging donors more generally.

Greece's geographic location within the Balkan region drives the strong regional focus of its aid programme. As a stable and developed country surrounded by a number of countries in post conflict situations and/or economic transition, it faces specific challenges, highlighted by significant migration flows and growing concerns over illegal trafficking issues. Encouraging democracy and sustainable economic development in the region is, therefore, a key orientation for Greece's development co-operation policy.

Since 2002, Greece has taken a stronger role in the international community, as illustrated by its special effort to promote the Olympic spirit worldwide in the context of the 2004 Olympic Games, its current membership of the United Nations Security Council and its distinctly more active role in the OECD over the last two years (including chairing the Ministerial Council meeting in 2006). With respect to its aid programme, it has taken positive steps to strengthen its policy framework with a second medium-term development co-operation programme (2002-06) aligned to the Millennium Development Goals. As noted above, Greece has also reaffirmed its political commitment to reach the EU ODA/GNI target of 0.51% in 2010. Its very significant effort in providing humanitarian assistance in emergency situations (*e.g.* 2004 Tsunami, 2005 Pakistan earthquake, 2006 Lebanon crisis) is widely recognised. Given active leadership at the political level in shaping and promoting the aid programme, and with the potential for increased public support for aid following the tsunami mobilisation, the constituency for development aid should strengthen, suggesting an optimistic outlook at a time when Greece must address key challenges in the context of development aid.

To generate the significant increase in the amount of aid expected, Greece needs to develop a strategic approach, taking into account two dimensions. Firstly, in relation to the quantity of aid, there is the challenge of making the case domestically for the very large rise in its aid implied by the EU commitment it has endorsed. Secondly, in relation to aid quality, a larger, more diverse and more recipient-driven aid programme will require Greece to substantially overhaul its aid system with implications in terms of strategic approach, aid management and delivery modalities.

Addressing the domestic issue is difficult as the Government is dealing with a significant fiscal challenge in conforming to the Maastricht norm of a deficit of less than 3% of Gross Domestic Product (GDP), which puts public expenditure under pressure. A further complication is raised by the potential 25% upward revision of Greece's GDP proposed by Eurostat in September 2006. If confirmed, this would reduce the public deficit to below the 2.6% of GDP currently envisaged but it would further raise the additional spending necessary for Greece to meet the 2006 and 2010 EU targets for ODA. Public opinion is very sympathetic to humanitarian concerns but communicating the priority of development assistance is challenging, especially since Greece will need to consider gradually shifting the aid programme out of its neighboring region as countries will in time no longer be eligible to receive ODA. Improving public awareness and ensuring continued political and public support will be crucial. Current efforts should be reinforced through a stronger communication strategy. In this respect, a major challenge for Greece will be to strike a balance between the need for visibility and results in its aid programme and the longer-term development perspective which implies promoting ownership and building capacity.

Greece is thus encouraged to take the opportunity of the preparation of its third medium-term development co-operation programme to develop a strategic framework based on a long-term vision of its aid programme. While reaffirming poverty reduction as the central motivation for aid, it should clarify its objectives and principles and translate them into prioritisation and programming, with a geographic and sector strategy and related resources. This should be done in the light of the aid effectiveness agenda. Greece should take the opportunity of the launch of its next medium-term programme to announce a clear strategy for its aid. Such a statement could help mobilise and reinforce the constituency for development aid which will be crucial to accompany the large increase in funding between now and 2010. A continued and more active dialogue with Parliament on the Greek aid programme would strengthen the visibility, transparency and political support for Greek development co-operation.

Recommendations

- Greece should take the opportunity of the launch of its next medium-term programme to announce a clear strategy for its aid, reflecting Greece's comparative advantages, as the framework for the medium term programme in terms of country and sector priorities and allocation among aid channels.
- As the aid programme changes in size, geographic focus and ways in which it is delivered, public accountability will become crucial. The DAC encourages further developing the dialogue with the Parliament in order to strengthen political support for Greek development co-operation. Greece also needs to further raise public awareness on development co-operation issues and to continue its efforts to build public support.

Aid volume and distribution

Although Greek aid has increased in real terms between 2001 and 2004, total net ODA disbursements in 2004 were USD 321 million, or 0.16% of Greek GNI. This is behind the DAC average of 0.26%.

It should be noted that Greece also incurs very substantial outlays, equal to 0.07% of its GNI in 2004, in hosting a large number of secondary school students from Albania and other developing countries – though these costs are not ODA eligible under the DAC reporting directives.

The large-scale support for Albania secondary school students is part of an overall Greek policy towards Albania, which includes the construction of European level schools in Albania and the return of Albanian students to Albania at the age of 21 or on completion of a University course. Greece considers this comprehensive approach as a test case for how donors can engage with poor neighbouring countries. Greece believes that its expenditure on Albanian students in secondary schools should qualify as ODA and plans to make a proposal to the DAC Working Party on Statistics for an amendment to the relevant Directives in this sense.

It will be a challenge for Greece to meet the EU commitment to attain a ratio of 0.51% by 2010. Allowing for economic growth, this would require Greece's net ODA volume to more than triple between 2004 and 2010, reaching USD 1.2 billion. For this to become a reality, a clear plan for achieving this goal with annual targets should be developed and included in the next medium-term programme.

Geographical and sector focus

Greece's bilateral aid programme is focused on 21 priority countries, with a high concentration in the Balkan and the Black Sea region. In the medium term, some of Greece's main priority countries will eventually become ineligible to receive ODA, should they accede to the EU or DAC. Indeed, Greece is already considering possibilities for increasing its development aid activity in the Middle East and Sub-Saharan Africa (to some extent through the OECD MENA Initiative/Programme and NEPAD). Hellenic Aid will need to develop a strategic approach to its geographic focus, with a clear link to its basic motivation for providing aid. This will imply defining appropriate criteria for selecting new partner countries, taking account of Greece's comparative advantage, and an appropriate communication strategy to explain this progressive shift to the public. In doing so, Greece should be rigorous in applying the concept of priority countries in order to have effective aid programmes. As Greece's aid budget rises, the increased resources should be applied to a core group of partners receiving a high share of the total ODA.

Greece's bilateral programme is focused on a limited number of sector priorities which are in line with its overall objective of poverty reduction. While considering engagement in new countries, Greece should take into account its priority sectors to maximise consistency in its programme.

Multilateral aid

The share of multilateral aid has decreased over the last four years and amounts to 50% in 2004. Apart from the EC, which accounts for 90% of its multilateral ODA, Greece's aid is fragmented among a large number of multilateral organisations which does not allow it to have a significant voice in the agencies it supports. In order for the scaling up effort to be manageable, Greece should allocate an increased share of aid resources to multilateral channels and develop a more strategic approach to multilateral aid. While expanding its multilateral programme, Greece should be more selective. It should also focus on allocating more funds to the core budgets of multilateral organisations or to already established multi-donor trust funds, rather than setting up new ad hoc trust funds tied to Greek-sourced inputs.

Recommendations

- Greece needs to address urgently the challenge of implementing its political commitment to reach the 0.51% ODA/GNI target by 2010. Therefore Greece should include an ODA growth implementation plan focussing both on the resourcing and spending dimensions of the equation, in its new medium-term programme.

- Greece is encouraged to build a medium-term geographical strategy to its development co-operation. In shaping this geographical strategy, Greece should be cautious to strike a balance between the need for continuity with its key partners in the region and the imperative of gradually adjusting its portfolio to take into account that some of its current partner countries will not be eligible to receive ODA in future, while ensuring continued public support.
- Greece should maintain a strong focus based on its comparative advantage, in order to maximise its aid effectiveness and concentrate the allocation of its resources on a core group of partner countries.
- With a view to maximising its aid effectiveness while increasing its aid volume, Greece should increase the share of aid to multilateral organisations beyond the EC. While expanding its multilateral programme, Greece is encouraged to be more selective and to develop a strategic approach to multilateral assistance.

Promoting policy coherence

Greece is increasingly aware of the need for policy coherence for development and has a good record in developing an efficient whole-of-government approach in areas with important domestic ramifications, such as migration, human trafficking and money laundering, but also in the environment sector following Greece's adoption of the United Nations Convention to Combat Desertification. In these areas, Greece already has inter-ministerial structures in place and improvements in co-ordination are noticeable.

In line with the recommendation made in the last review, the DAC recommends that Greece should strengthen policy coherence for development as a government objective in the context of the new medium-term strategy under preparation.

Building on the experience gained from existing policy coherence mechanisms, the Greek authorities should consider setting up a systematic, formal framework for co-ordination on policy coherence issues within the government. The Inter-ministerial Committee may be the appropriate body to embrace this issue in its co-ordinating role and its mandate could be expanded to this end. Greece should also consider how to reinforce Hellenic Aid capacity to enable it to address complex issues and provide adequate analytical support to the Committee whether through additional skilled staff resources or strengthened links with research institutes or universities. Such a framework would also enhance the role of Parliament's Committee on Defence and Foreign Affairs in vetting legislation for its coherence with the goal of reducing poverty.

Recommendations

- Greece is encouraged to strengthen policy coherence for development as a government objective. A strong focus in the medium-term strategy would provide a solid foundation for developing a systematic, formal framework for inter-ministerial co-ordination.
- Greece should adjust existing structures to foster more systematic and selective attention to policy coherence for development. Greece could consider expanding the mandate of the Inter-ministerial Committee to cover policy coherence issues. To provide adequate analytical support, Hellenic Aid should have enough capacity to access information from other line ministries, the EU and other sources.

Aid management and implementation

Implications of a major increase in aid for organisation and management

Over the last five years, Greece has continued its efforts to build its institutional and technical capacity, moving towards a more efficient and coherent system with an Inter-ministerial Committee (EOSDOS), chaired by the Minister of Foreign Affairs, providing strategic guidance to the aid programme and Hellenic Aid in the Ministry of Foreign Affairs coordinating its implementation. The strengthened role and increased professionalism of Hellenic Aid, more efficient mechanisms - as highlighted by a revised call-for-proposals process and a new statistical reporting system - and increased presence in the field are key areas of progress which help improve aid delivery.

The projected increase in aid will require further reinforcement of the Greek development co-operation system to enable it to manage a one billion dollar programme by 2010. Despite the 2002 institutional re-organisation, the programme is somewhat fragmented with seventeen entities in twelve ministries involved in delivering bilateral aid. Moreover, different ministries manage bilateral and multilateral channels with insufficient dialogue between them. Greece needs to further consolidate its structure and bring the key development actors of Greek co-operation closer together in order to generate enhanced synergies and limit overlap. The authorities should examine, in the light of other DAC members' experience, the different possibilities to do so, either relying on different ministries' capabilities, or creating an implementing agency. The DAC recommends that Hellenic Aid, established as the co-ordinating agency of Greek development co-operation in 2002, be given a strengthened role in the system.

This will imply reinforcing Hellenic Aid's capacity. Since the organisational structure laid out in 2002 is not yet fully in place, the priority should be for all Hellenic Aid directorates and sections to become operational and effective, establishing the Evaluation Unit as an independent body and setting up the Technical Services Directorate in the most cost-effective way possible. Organisational structure and procedures should be further rationalised, as expected through the new law being prepared on the organisation of the Greek development co-operation system. Hellenic Aid should reinforce its staff, numbering less than 40 persons at present, both in numbers and capacity. In this respect, Greece should develop a strategic approach to the management of Hellenic Aid human resources in terms of recruitment, training and career development for staff based both in Athens and in partner countries, in order to have the appropriate level and mix of expertise within the staff and ensure continuity in delivering the aid programme.

Adapting aid delivery modalities to the aid effectiveness agenda

Apart from the case of the Balkan programme, the cornerstone for the delivery of Greek bilateral programme is the annual call-for-proposals procedure. While this is a useful tool to support a project approach, it does not allow for longer-term arrangements and the larger scale programmes needed to increase aid predictability and build sustainable capacity in partner countries. This system also generates high transaction costs and presents the risk of a supply-driven approach. To prepare for the projected increase in aid volume, Greece needs to consider a new development co-operation approach complementing the call for proposal mechanism. In doing so, Greece should build on the lessons learnt from the implementation of its Hellenic Plan for the Economic Reconstruction of the Balkans (HiPERB or Balkan programme).

Greece also needs to deepen the implementation process of the aid effectiveness agenda deriving from the Paris Declaration which it has endorsed. To do so, it can usefully refer to the Greek action plan for co-ordination and harmonisation released in November 2004. Greece should establish

strategic country programmes based on partner country strategies for all its priority partners, in order to ensure ownership of Greek development aid. When identifying its support, Greece should also take into account its comparative advantage as well as other donors' involvement in the partner country. Equally, Greece will need to review its way of programming and delivering aid in order to facilitate alignment and harmonisation. This should imply greater involvement in multi-donor programmes, participation in sector-wide approaches and introduction of multi-year financial programming. Delegated co-operation may also be an option to consider since it can be a good way to save transaction costs as the Greek programme expands.

Greece is encouraged to pursue its effort towards a more decentralised approach through further devolution of authority at the field level, by adding specialised aid staff and relying on greater local capacity within Greek embassies. This will facilitate the harmonisation and alignment process in country.

Since NGOs will remain an important implementing partner for the Greek aid programme, Greece should further streamline the aid delivery system through these actors. This could be done firstly by establishing longer-term partnerships with a selection of effective and efficient NGOs. Secondly, Hellenic Aid could strengthen the eligibility criteria and simplify reporting requirements for NGOs receiving public funds to ensure they are appropriate, both in terms of compliance with public accountability rules and manageable administrative follow up for NGOs and Hellenic Aid. Greece could seek advice from other DAC member countries and is also invited to enhance its dialogue with NGOs; it could activate the National Advisory Committee on NGO issues for this purpose.

The evaluation unit which is projected to be set up in the coming months should allow Greece to go beyond an input-based approach focusing on project monitoring to develop a results-based approach to development aid, relying on ex post evaluations. To fully benefit from this shift, Greece will need to put in place adequate mechanisms to ensure lessons learnt are translated into knowledge management and linked to programme management. It should, as a priority, evaluate its education programme to ensure that this significant component of its bilateral programme is an efficient and cost-effective way of building sustainable capacity in partner countries.

Recommendations

- Greece should pursue the consolidation of its development co-operation system
- With a view to strengthening its capacity, Hellenic Aid should put in place all units of the organisational structure laid out in 2002, and rationalise its procedures. It should adopt a strategic approach to the management of its human resources in terms of recruitment, training, and career development, and provide development assistance specialists to embassies in priority countries.
- Greece is encouraged to develop new ways of programming and delivering aid, in addition to an improved call-for-proposals system. In line with the aid effectiveness agenda, it should establish strategic country programmes based on partners' own strategies in each priority country and review its instruments in order to facilitate joint approaches with other donors and increase aid predictability. Efforts towards decentralising the programme and further delegating authority should be pursued.
- Greece is encouraged to develop a results-based approach to its aid programme. An evaluation unit, along with adequate mechanisms to build a knowledge management system linked to programme management, should be set up. A priority should be to review the

developmental relevance and impact of Greek tertiary scholarships schemes, given their importance in the Greek aid programme.

Humanitarian aid

Humanitarian assistance is given high priority within the Greek international development co-operation programme, which itself is seen by the Greek government as being an important dimension of foreign policy. The rapid and substantial Tsunami response in Sri Lanka and the Maldives, which resulted in Greece being characterised as a “Global Humanitarian Power” by United Nations Secretary General Kofi Annan, illustrated the government’s commitment to humanitarian response ‘in every part of the world in need’. Greece used its recent presidency during its membership of the Security Council to draw attention to humanitarian issues, further underlining the priority it attaches to humanitarian action which the government sees as reflecting the character, experience and values of the Greek people.

Humanitarian action by Greece, which extended to 25 countries in 2004, involves a wide range of government agencies and civil society actors. Implementation is co-ordinated by Hellenic Aid within the Ministry of Foreign Affairs. Greece is committed to reducing the relative emphasis on neighbouring countries and increasing its response to humanitarian needs in other regions. In doing so, Greece may need to consider further strengthening the capacity of Embassies to contribute to humanitarian action in areas of protracted humanitarian crises.

As a new donor, Greece can draw on its own direct and fairly recent experience both as a recipient of humanitarian assistance and a provider of assistance to neighbouring countries experiencing conflict, reconstruction and transition. Greece sees other comparative advantages in being small, quick and flexible.

The Greek humanitarian assistance programme has a number of distinctive features including a strong sense of public engagement, close involvement of other government departments and an informal style of collaboration. Scaling up the humanitarian response whilst maintaining the positive aspects of these features will be a significant challenge in terms of organisation, partnerships and systems. In this context, while improving the management system for humanitarian aid, every effort should be made to preserve the flexibility and engagement which currently characterise the Greek humanitarian response.

Recommendations

- As the scale of Greek humanitarian response grows, more formal systems of coordination within government and with external actors should be developed.
- The development of an explicit overall humanitarian strategy will help to ensure that all those contributing to the growing response do so on the basis of a clear statement of policy and priorities. Such a strategy would also provide transparent guidance on assessing the opportunity costs of different interventions.
- There is a case for further strengthening the capacity of Embassies to contribute to humanitarian action in areas of protracted humanitarian crises.
- If, as expected, NGOs become more active partners in implementing Greek humanitarian assistance, there will be a need to further streamline procedures and build capacity to cope with an expanded response.

SECRETARIAT REPORT

Chapter 1

Strategic Foundations and New Orientations

Strategic foundations of Greece development co-operation

While Greece was a substantial recipient of official development assistance (ODA) until the 1980s, it became a donor following its accession to the European Community in 1981. Its multilateral assistance grew primarily because of increases in its assessed contribution to the Community's budget for development programmes. In addition, Greece decided to start a substantial bilateral aid programme in 1996 and developed to this end a USD 400 million medium-term programme (1997-2001). Meanwhile in December 1999, Greece became the 23rd Development Assistance Committee (DAC) member, and the first Peer Review of Greece took place in 2002. Since then, Greece has developed a second medium-term development co-operation programme in line with the international framework of the Millennium Development Goals (MDGs) and has continued its effort to build its institutional and technical capacity. Being a small development assistance actor, and the most recent member of the DAC, poses a huge challenge for Greece in adapting to a rapidly changing development aid environment. This can, however, bring useful lessons for emerging donors.

Greece's geographic location within the Balkan region sets the context for foreign and development co-operation policies since Greece's security and economic progress are closely linked to the fortunes of its neighbours. As a stable and developed country surrounded by a number of countries in post-conflict situations and economic transition, it faces specific challenges as illustrated by the large number of migrants it has welcomed in the last 10 years and by rising concerns about illegal trafficking issues. Encouraging democracy and sustainable economic development in the region is, therefore, a key orientation for Greece's development co-operation policy. This strong regional dimension is reflected both in the geographic focus of the bilateral programme on the Balkans and Eastern Europe and in Greece's active involvement in a number of regional organisations and initiatives, such as the South East European Cooperation Process. The 2002-06 Hellenic Programme for the Economic Reconstruction of the Balkans (HiPERB or Balkan programme), which covers six countries and is by far the most important Greek development co-operation programme, illustrates Greece's regional approach (Chapter 3).

New orientations since the 2001 Peer Review

The current vision of Greek development co-operation

The United Nations Millennium Declaration, the European Union (EU) development policy, as well as DAC principles and recommendations are key references for Greece when shaping its development co-operation policy. The Millennium Development Goals (MDGs) are Greece's long-

term targets, with poverty reduction as an overarching goal. To this end, Greece intends to promote sustainable economic and social development, harmonious and progressive integration in the global economy, and a peaceful and stable environment. Greek sector priorities for its bilateral grant aid programme are consistent with this approach. They include social infrastructure and services, environment and agriculture, democratisation and human rights (including the fight against human trafficking), institution-building and income generation. Greece remains committed to multilateralism, and is a member of numerous multilateral institutions. Its membership of the United Nations Security Council for the biennium 2005/06 clearly illustrates this commitment.

Greece emphasises coherence, co-ordination and complementarity as guiding principles for its policy. In line with the 1995 EU Barcelona process and in the wake of the 2003 Rome Declaration on Harmonisation, in 2004 it developed a Hellenic Aid Action Plan for Coordination and Harmonisation of Development Co-operation Policy, which calls for an alignment of Greek development policies, practices and procedures with its partner countries. A challenge for Greece will be to align its strategy with the aid effectiveness principles of the Paris Declaration which it has endorsed. Greece describes its development co-operation programme as schematically shaped by three intersecting circles consisting of the MDGs, the EU development priorities and Greek foreign policy objectives. Greece's development co-operation activities are at the intersection of these circles. While this is a powerful approach in terms of fostering Greek public support to development aid, some reference to partner country priorities and programmes would further reinforce the Greek commitment to promote ownership and alignment. Greece's aid programming and means of delivery will also need to be further enhanced in the light of these principles (Chapter 6).

The second Five-year Programme of Development Co-operation and Assistance of Greece (PPASBE 2002-06 or second five-year programme) provides the framework for the Greek development co-operation strategy, setting out its principles and objectives as well as its targeted countries and priority sectors. It was endorsed in 2002 by the Inter-ministerial Committee for the Coordination of International Economic Relations (EOSDOS – Inter-ministerial Committee) under the presidency of the Minister of Foreign Affairs.

Progress in addressing the DAC recommendations¹

Since 2002, Greece has made progress in further formalising the establishment of its donor position through implementing a number of DAC recommendations (see Annex A). In terms of amount of aid, Greece is part of the EU Barcelona commitment of 2002 and the Council decisions of May 2005. The political commitment to increase its ODA to 0.51% of gross national income (GNI) by 2010, despite a difficult fiscal situation, is to be commended. The second five-year programme is a welcome move toward building a strategic policy framework aligned with the MDGs. In addition, a number of institutional adjustments were made in line with DAC recommendations of the previous review. This is illustrated by the transfer in 2002 of the competences and budget for bilateral development co-operation from the Ministry of Economy and Finance to Hellenic Aid, a general directorate of the Ministry of Foreign Affairs set up in 1999. This is a positive step to consolidate a dispersed programme into a more co-ordinated approach under the Inter-ministerial Committee and to allow for a more efficient and coherent system.

The Review Team appreciates Greek efforts to strengthen the capacity of Hellenic Aid through increased professionalism and more efficient mechanisms such as the revised call-for-proposals

1. See Annex A.

process and the new statistical reporting system which enabled Greece to start reporting data to the OECD/DAC Creditor Reporting System in 2003. Finally, Greece is starting to develop a stronger presence in the field, as illustrated by the new regional office set up in May 2006 in Colombo (Sri Lanka) (Chapter 5).

Some results are already visible. Greece was praised for its responses to humanitarian crises after the 2004 tsunami in Sri Lanka, the 2005 earthquake in Pakistan and the 2006 Lebanon crisis. Greece is recognised as playing a stronger role in the international community, whether at a regional level with its special role in the Balkans, at the EU level with important steps taken during the Greek presidency in 2003,² or at a global level, as illustrated in 2004 by its election as a non-permanent member of the UN Security Council. The successful 2004 Olympic Games also contributed to the emergence of this stronger profile of Greece in the international arena (Box 1). Domestically, the increased public support following the tsunami response on the one hand, and promotion of voluntarism, culture and peace as part of the Olympic values on the other, have contributed to a gradual emergence of a constituency for a larger development aid programme.

Box 1. The 2004 Olympic Games: outstanding Greek efforts to promote Olympic values worldwide

The 28th Olympic Games which took place in Athens in 2004 led to an exceptional mobilisation of human, technical and financial resources in Greece. Aside from the successful sporting event, the Olympic Games were an opportunity for Greece to promote the Olympic values of peace, culture and voluntarism as contributions to global social and cultural development. A number of cultural activities were organised to this end before and during the games, such as mobile Olympic exhibitions and festivities during the Olympic torch relays across the five continents, seminars and international conferences, TV programmes and provision of books and leaflets. Some 260 million people were reached worldwide through these cultural activities. Greece funded all the related costs, which amounted to approximately USD 108 million. Greece's outstanding effort to reinforce the universal heritage of the Olympic spirit which conveys positive messages of peace and development is highly commended.

Looking forward: the challenge of increasing aid

Despite these areas of progress, some DAC recommendations will continue to require special attention. As Greece increases its aid programme, it will become imperative to move toward a more strategic approach to both multilateral and bilateral assistance. If Greece is to reach the 2010 EU ODA target of 0.51% of GNI, it will need to develop a programme of over USD 1 billion, three times its 2004 level. This change of scale will imply adjusting the nature of the Greek programme and shifting from primarily within-year activities to longer-term development programmes. A strategic framework, based on a long-term vision of Greek development co-operation, is required. It should be developed in a policy which clarifies Greek objectives, strategy and related resources, and which is accordingly translated into priorities and programmes. The strategic approach will also address the necessity to continue to adapt and strengthen Hellenic Aid capacity to enable it to deliver an effective aid programme of this size. In the meantime, Greece faces a challenge in making the case domestically for such a large increase in its aid. This is not an easy task as the government is dealing with a fiscal situation which is particularly difficult in relation to the EU requirement of a deficit of less than 3% of gross domestic product (GDP).

2. For example, conclusions about aid untying and the EU water initiative. An informal ministerial meeting took place in June 2003 on *Development Co-operation in the Europe of 25* with participants from the 10 new EU member countries.

Many Greek agencies and departments are still involved in the aid programme delivery and the Ministry of Economy and Finance is in charge of the major part of the Greek multilateral programme, despite the consolidation undertaken in 2002. This consolidation should therefore be pursued and the co-ordinating role of Hellenic Aid strengthened. The aim should be to bring bilateral and multilateral components of the aid programme to work closer together and to gain stronger coherence in delivering the aid programme in the field. As indicated above, the new aid effectiveness agenda will also call for adjustments in the way aid is delivered, which is currently dominated by a project approach. Favours greater ownership and alignment and better aid predictability will imply a more integrated and programmatic approach to country programming and budgeting and should lead to greater delegation of responsibilities at the field level. Where conditions are favourable, Greece could consider providing direct budget support as a way of complying with the aid effectiveness principles. This measure, along with delegated co-operation, implies lower transaction costs than the project approach, which may be valuable in allowing a small programme to grow. There is also scope for improving project monitoring and evaluation. Greece is aware of this need and is preparing a reform to enable it to deliver aid quicker and in a more flexible and effective way. A new law is being prepared which will make institutional adjustments to respond to these key issues. In the meantime, Greece is encouraged to continue its dialogue with other DAC members to learn from them how to set up a system most suited to its own context (Chapter 5).

In line with previous DAC recommendations, Greece should also make a high-level commitment to policy coherence for poverty reduction and adapt existing structures to address policy coherence issues more systematically (Chapter 4).

Room for improvement exists, with two major factors for optimism: on the one hand there is the political will to impose standards in development aid; on the other, there is also the will to modernise regulation, which will be a strong incentive for Greece to make further progress. Greece is committed to deliver on its engagement, and it benefits from an active political leadership in shaping and promoting the aid programme. Greece could further build on the impetus built in terms of volunteerism and generosity both from the Olympic Games and from the strong public response to the tsunami, to strengthen its development co-operation and give a new dimension for its aid programme. As a first step, Greece should prepare its next medium-term programme as a strategic framework for its aid. This would set the basis for a stronger strategic policy framework expressed through multi-annual commitments based on country strategies. This would also help bring all the efforts together.

Public awareness and domestic policy dialogue

Wide support for humanitarian assistance, but weak public awareness about development

Trends in attitudes towards development aid recorded by Eurobarometer surveys (European Commission 1999, 2003, 2005)³ give an ambiguous picture of Greek public support for development co-operation. On the one hand, the proportion of the population that considers aid to developing countries to be important or very important rose from 87% in 1999 to 94% in 2002 and to 95% in 2005 (compared to the European average of 91%), while the percentage considering it unimportant

3. Greece has not conducted any surveys on public opinion about the official aid programme or development co-operation issues in general. The only national reference is a small survey conducted by a Greek NGO during the 2004 4th Panhellenic Exhibition of Voluntarism, Humanitarian, Developmental and Environmental Organizations, which recorded the opinions of some 200 visitors to the exhibition (OECD/Development Centre, 2003).

decreased from 10% to 3% over the same period. On the other hand, the percentage of the population that thought aid needed to be increased declined from 68% in 1999 and 2002 to 54% in 2004. Perceptions of results and impact of aid also tend to be less positive: while in 1999, 64% of the population thought that the government helped poor people in developing countries, this percentage decreased to 51% in 2002 and 50% in 2004.

Greek public and civil society response to humanitarian assistance and emergency situations resulting from natural disasters or conflicts is high, as shown by the tsunami in December 2004, the Pakistan earthquake in 2005 and Lebanon in 2006 (Box 2). However, awareness amongst the Greek public remains weak when it comes to longer-term development assistance; for example 93% had not heard of the Millennium Development Goals in 2004. As a result, the Greek public mainly supports development aid in the neighbouring region where the link between national interest and development co-operation is perceived as strong. In other regions, demonstrating and communicating results will be crucial to overcome Greek scepticism about the need for, and effectiveness of, development aid. A strengthened communication strategy will be needed to maintain political and public support as the focus of aid gradually shifts from the neighbouring region (where countries will no longer be eligible to receive ODA), to more remote areas.

Box 2. Strong public response to humanitarian assistance needs

While the level of development awareness and knowledge is weak among the Greek public, support for providing assistance in emergency situations resulting from natural disasters or conflicts is high. Considerable quantities of aid in kind were provided following conflicts in countries of the former Yugoslavia and in Afghanistan, earthquakes in Iran and in Pakistan, and the Indian Ocean tsunami in Sri Lanka. This spontaneous generosity is reinforced by the role played by the Greek Orthodox Church and NGOs, as well as by the media in encouraging the public to contribute in various ways, particularly in kind.

Hellenic Aid is also increasingly engaged in fund-raising activities. For instance, a 36 hour TV marathon was set up to raise public and private contributions to respond to the 2004 tsunami. Hellenic Aid is increasing its use of the Internet to provide information and raise funds to respond to emergency situations, as illustrated by the "Website of Hellenic humanitarian aid for Lebanon". In order to manage these funds, Hellenic Aid has opened a special state account in the Bank of Greece. This account collects donations towards humanitarian crises, from individuals and public institutions, and Hellenic Aid uses them to provide humanitarian assistance in emergency situations and to participate in the reconstruction of Sri Lanka.

Public support to humanitarian assistance is linked to the desire to see direct impact and results. While there are some exceptions, for example the long-standing Greek interest in the situation in the Palestinian territories, support for longer-term projects in remote areas is much weaker. Given the strong legitimacy attached to development aid in the neighbouring region, maintaining political and public support will be all the more important as the focus of aid gradually moves out of the Balkans.

Parliament: Increased demand for efficient use of public funds

Parliament approves annually the budget for co-operation and ratifies international protocols and agreements. The Committee for Foreign Affairs and Defence of the Greek Parliament is responsible for monitoring the aid programme and follows up on its objectives, volume, and geographic and sector allocations. While supportive of development aid, the parliament is more and more sensitive to issues regarding transparent management of aid, and asks for strengthened control and audit, including with respect to NGOs. Issues like migration and human trafficking are also closely followed by the parliament. The regular process for parliamentary review of the aid programme includes the approval of the annual state budget, the submission by the Inter-ministerial Committee of the annual report on Greece's development co-operation and occasional meetings with the Deputy Minister for

Development Co-operation to answer parliamentary questions. A more active parliamentary overview of the Greek aid programme, sustained by a continued and deepened dialogue with parliament, would further strengthen the visibility, transparency and political support for Greek development co-operation, crucial when progressively shifting the aid programme out of the immediate region.

Steps taken to improve public support to aid

Addressing the issue of public awareness will be crucial to ensure continued public and political support and therefore to enable Greece to provide more aid. In the last four years, the government has taken important steps in this regard. The deputy minister is actively involved in promoting public interest, including by taking journalists on field trips and encouraging the creation of a series of TV documentaries on development and humanitarian assistance. A one-hour monthly programme, started in 2005 in collaboration with Hellenic Aid, is generating real interest among the public. Hellenic Aid is also more active in organising public events, such as a broadcast awareness-raising concert on the MDGs, supplemented by a national information campaign. Hellenic Aid also disseminates public information materials, including the publication *Greece: A humanitarian power*. In the future Hellenic Aid intends to further improve its public communication and develop new means to mobilise volunteers.

In the coming years, efforts to enhance public awareness about development co-operation issues could build on the positive climate of opinion following international praise for Greece's rapid and practical response to the 2004 tsunami in Sri Lanka. Hellenic Aid will need to have a more consolidated approach to public awareness and development education, with a view to extending public support to development co-operation outside Greece's neighbouring region. Hellenic Aid's Web site is already an efficient tool to inform and mobilise responses to emergency situations, as was shown during the Lebanon crisis in the summer of 2006. Hellenic Aid could also seek to use the Internet as a vehicle for public awareness on development issues, providing updated information on development aid objectives and programmes. When developing voluntarism, Hellenic Aid could consider establishing links with or participating in international volunteer programmes (*e.g.* UN or EU volunteer programmes). Finally, this effort would greatly benefit from a public statement on Greek development policy which could be built on over the years by successive governments. This statement, which could be introduced when launching the new medium-term strategy, would be helpful to develop a more consolidated political explanation of the basis for Greece's development co-operation efforts. It should reaffirm the Greek commitment to ODA/GNI targets and establish a timeframe consistent with the EU targets.

Future considerations

- Greece is encouraged to prepare the next medium-term programme as a strategic framework for its aid programme. Based on a long-term vision of Greek development co-operation, it should be developed as a policy clarifying its objectives, strategy and related resources, and translated into priorities and programmes. This would help Greece face the challenge of increasing the amount of aid and adapting to the new aid modalities implied by the aid effectiveness agenda.
- Greece's development co-operation programme would also benefit from a public statement on development co-operation objectives and principles that would help bring all the efforts together. This statement should reaffirm the Greek commitment to ODA/GNI targets and establish a timeframe in this respect. Greece should take the opportunity of the launch of its next medium-term programme to introduce this policy statement.

- As Greece is committed to increasing the amount of aid, it needs to further raise public awareness of development co-operation issues and to continue its efforts to build public and political support. In doing so, Greece is encouraged to strike a balance between the need for visibility and results of its aid programme and the longer-term development perspective which implies promoting ownership and building sustainable capacity.
- As the aid programme changes in size, geographic focus and means of delivery, public accountability will become crucial. The DAC encourages developing the dialogue further with parliament in order to strengthen political support for Greek development co-operation.

Chapter 2

ODA Volume, Channels and Allocation

Overall official development assistance

A modest development co-operation programme

Greek ODA reached USD 321 million in 2004. Between 2001 and 2004, Greek aid volume increased by 59% in current dollars. DAC official statistical data for the year 2004 rank Greece in 20th place for the volume of ODA granted.

The ODA/GNI ratio increased from 0.17% in 2001 to 0.21% in 2002 and 2003, before decreasing to 0.16% in 2004.⁴ This level, which is to be compared with the initial rate of 0.12% of gross national product (GNP) in 1996 (the year Greece started implementing its first Development Cooperation Programme) is below Greece's initial objective, which was to reach 0.20% of GNI. Greece lags behind other DAC members (total DAC average of 0.26% and average country effort of 0.42% in 2004), Greece being in 21st position among 22 DAC members for its ODA/GNI ratio. In addition to its aid programme, Greece has allocated significant funding to provide education services to large numbers of migrants – though these costs are not ODA eligible under the DAC reporting rules (Box 3).

Greek plan for increasing aid: an ambitious and challenging ODA/GNI commitment

It will be a challenge for Greece to respect the EU commitment to attain an ODA/GNI ratio of 0.51% by 2010. According to this commitment, net ODA volume would increase over the 2004 level by 272% in 2010, reaching USD 1.196 billion. Unlike other DAC member countries, debt reduction will not negatively impact on further progress of Greek aid volume, which is only grants. Greece indicates it will make all the required efforts to be able to fulfil its commitments, despite its difficult fiscal situation. But as the pressure for raising the aid volume will increase, it will be all the more important for Greece to build further public and political support.

Greece faces a challenge in making the case domestically for the very large rise in its aid implied by the EU commitment it has endorsed. Addressing this issue is more difficult as the government is dealing with a significant fiscal challenge in conforming to the Maastricht norm of a deficit of less than 3% of gross domestic product (GDP), which puts public expenditure under pressure. A further complication is raised by the potential 25% upward revision of Greece's GDP proposed by Eurostat in September 2006. If confirmed, this would reduce the fiscal deficit for 2006 to below the 2.6% of GDP currently envisaged, but it would further raise the additional spending necessary for Greece to meet the 2006 and 2010 EU targets for ODA.

4. Some of the decrease may arise from the fact that subsidies to general primary and secondary education, which are not eligible to be recorded as ODA, may have been included in figures for 2002 and 2003.

The increase in aid will have major implications for the Greek programme, whether bilateral or multilateral. The Greek current plan is to progressively increase the bilateral ODA/GNI ratio (to 0.23% in 2007, 0.26% in 2008, 0.35% in 2009 and 0.41% in 2010), while keeping the multilateral aid to GNI ratio at a constant level of 0.1%. In order for the scaling-up effort to be manageable, the Review Team believes Greece should allocate an increased share of aid resources to multilateral channels. This would also allow Greece to develop a stronger position in the relevant international organisations, since almost all Greek multilateral contributions are so far allocated to the EU.

Box 3. Educating increased numbers of migrants: a significant budgetary effort

The collapse of the Central and Eastern European communist regimes in 1991 led to huge flows of people fleeing insecurity and poverty, and massive immigration into Greece. According to the latest census, the population of Greece increased from 10.3 million in 1991 to 11 million in 2001, an increase which can be largely attributed to immigration. Although Greece was at that time still one of the less-developed EU states, it received in the 1990s the highest percentage of immigrants in relation to its labour force. These migration flows continued even after the exodus of refugees from the region tapered off. In August 2006, some 93 000 permits for family reunification were issued. Analysts now estimate that migrants make up as much as 10% of the population.

Greece's integration policy was designed in 2002 in an *Action Plan for the Social Integration of Immigrants for the Period 2002-05*. The plan includes measures for labour market integration and training of immigrants, improved access to the health system, emergency centres for immigrant support, and measures for the improvement of cultural exchanges among the various ethnic communities. Even though part of its implementation was delayed given the pressure on the state budget to complete the nation's preparations for the Olympic Games, migrants are given access to Greece's social services and benefit from education and training opportunities and the availability of health services. Related expenses are covered by Greece and represent a significant budgetary effort.

For example, in 2004 subsidies for secondary students from developing countries amounted to USD 143 million and tertiary subsidies to USD 18 million. The costs for Albanian immigrants alone (the largest group of migrants in Greece) were estimated as follows: USD 126.1 million for secondary education, USD 8.4 million for tertiary education and USD 0.4 million for vocational training. The large-scale support for Albanian secondary school students is part of an overall Greek policy towards Albania, which includes the construction of European level schools in Albania and the return of Albanian students to Albania at the age of 21 or on completing a university course. Greece considers this comprehensive approach as a test case for how donors can engage with poor neighbouring countries. These expenses, which were equal to 0.07% of Greek GNI in 2004, do not, however, constitute official development assistance in terms of the DAC definition of ODA and the associated reporting rules.

Sources: Mediterranean Migration Observatory (2006) and Migration Policy Institute (2004).

The bilateral channel: Policies and allocations

The share of bilateral aid in Greece's total volume of aid has slightly increased over the last four years, and amounted to 50% in 2004, against 41% in 2001. With regard to aid modalities, all Greek bilateral ODA is grant aid, provided through projects and programmes (Chapter 6).

Geographic allocation: Maintaining an appropriate concentration

Greece focuses its assistance on a limited number of priority countries, with a high concentration in the Balkan and the Black Sea regions, which results from Greece's specific location. Such focus is appropriate given the relatively limited volume of Greek aid. It allows Greece to fully benefit from its comparative advantage in these regions, where few donors are involved. States of ex-Yugoslavia are the main recipients of Greek aid, having received 39% of Greek net bilateral disbursements in 2004.

Albania is also an important recipient of Greek aid (15%). The geographical concentration is high, with 88% of Greek bilateral ODA allocated to the top 15 recipients in 2004 (compared with a DAC average of 72%) (Table B.4). However, while focused on only 8 main partner countries during its first five-year programme (1997-2001), Greece now has **21 priority countries**, including Afghanistan and Iraq.⁵ Moreover, since 2003, ODA granted to African and to Asian countries has increased significantly and the total number of its recipient countries now amounts to 83. The fact that the call for proposals, which is the main mechanism for allocating Greece's bilateral aid, is not limited to priority countries and that there is no systematic "country programme" in these countries, weakens the Greek concept of priority countries. Sixty-three of the 83 recipient countries share a total volume of Greek aid of USD 9 million, representing an average amount of USD 143 000 per country.

Greece is encouraged to develop further a strategic approach to its geographical concentration, considering the two following aspects. Firstly, Greece needs to maintain a strong geographical focus in the coming years. Secondly, Greece needs to take into consideration that, as a consequence of the focus on the neighbouring region, its bilateral ODA is strongly concentrated on developing countries with comparatively high levels of per capita income. The share of bilateral ODA allocated to low-income countries amounted to 16% in 2004, compared to a DAC average of 53% (Table B.3). A challenge for Greece in the medium term will be to adjust its geographic portfolio since some of its major partner countries, such as new EU or DAC members, will no longer be eligible for ODA. Main policy orientations for the second five-year programme already provide for new initiatives in favour of least developed countries (LDCs), including an annual increase of ODA granted to these countries. Hellenic Aid will need to develop a strategic approach to gradually shift its portfolio while ensuring continuity with its key partners, remaining concentrated and ensuring more consistency in the concept of priority countries, in order to have an effective concentration of resources and support in these countries. When considering engagement in new countries, Greece should take into account its priority sectors to maximise consistency in its programme. This move should be accompanied by a targeted communication strategy aimed at the Greek public and parliament to make clear the rationale for engaging in new countries outside the neighbouring region.

Sector allocation: A strong focus on social infrastructure and services

The major part of Greek bilateral development assistance is focused on **social infrastructure and services** – accounting for 63% of gross disbursements in 2004. Government and civil society is the most important sub-sector (29%), followed by education and health (13% each) (Table B.5). This focus is consistent with Hellenic Aid's policy to concentrate its effort on poverty reduction in line with the MDGs (Chapter 1). Greece's focus on a limited number of sector priorities is appropriate and should be maintained as it allows efficiency gains in key sectors for poverty reduction.

Over the last four years, Greece has increased its support to basic health services, which accounted for a remarkable 11% of its disbursements in 2004 (compared to 2% in 2000). This shift illustrates Greece's stronger orientation to help its partner countries meet the MDGs. The bulk of Greece's support to education consists of its subsidies and scholarships to tertiary education, where Greece is invited to reinforce the consistency with development objectives (Chapter 3).

5. Other priority countries are: Albania, Armenia, Azerbaijan, Bosnia-Herzegovina, Egypt, Eritrea, Ethiopia, Former Yugoslav Republic of Macedonia (FYROM), Georgia, Jordan, Lebanon, Moldova, Palestinian Administered Areas, Serbia-Montenegro, South Africa, Sri Lanka, Sudan, Syria, and Turkey.

Even though **emergency and distress relief** disbursements remained at the rather low level of 4% of total ODA disbursements in 2004 (compared to a DAC average of 8%), they have been steadily increasing since 2001 (Table B.2). Disbursements should be much higher in 2005, in particular as a result of the quick response to the December 2004 Indian Ocean tsunami, to which Greece committed and disbursed USD 27 million (compared with a total of USD 13 million disbursed in 2004). In addition to providing short-term response to emergency situations, Greece plans to be more involved in rehabilitation and transition areas, as is the case in Sri Lanka, where it has set up a two-year reconstruction plan (Annex C).

Towards a progressive empowerment of Greek NGOs

Greece's civil society was not well organised in support of development until recently. However, with the support of Hellenic Aid's campaigns for the promotion of voluntarism, this sector is progressively strengthening and getting better organised. Grants by NGOs are increasing and amounted to USD 17 million in 2004, compared to USD 6 million in 2002 when these flows were first reported (Table B.1). Greek NGOs rely on international or national public resources for more than 50% of their total disbursements. However, some NGOs, and especially the Greek branches of international NGOs (*e.g.* ActionAid Hellas) are able to mobilise private contributions to a larger extent. ODA to and channelled through NGOs remains small, and decreased in 2004 (USD 13 million, compared to USD 29 million in 2003) (Table B.2).

Since the last Peer Review, a Greek national platform has been created which gathers together 15 development NGOs. The number of Greek NGOs is rapidly expanding, and the Hellenic Aid Register now counts some 415 NGOs, compared to 150 in 2002. However, most of these NGOs, which are theoretically eligible to receive public funds, lack operational experience and capacity, and managing this large number of NGOs is an issue with which Hellenic Aid has to struggle (Chapter 5).

The multilateral channel: Policies and allocations

Declining share of multilateral contributions dominated by the EU

The second five-year programme had planned a constant ratio of total multilateral ODA disbursements at a level of 0.10% of GNI. Greece plans to maintain this ratio up to 2010, despite the increase in aid which will take place in the meantime, resulting in a declining share of Greek ODA allocated through multilateral channels. As indicated above, Greece should consider raising the share of ODA to multilateral organisations other than the EC, to take into account the added value of multilateral aid and to prevent the increased amount of aid from being delivered entirely through the bilateral channel. In this perspective, it should develop a more strategic approach to the multilateral organisations.

The disbursement of multilateral aid through organisations other than the EU is low. In 2004, the contribution to the EU, whether through disbursements to the development budget of the EC or to the European Development Fund, amounted to USD 144 million in 2004, representing 90% of total Greek multilateral ODA (Table B.2). The remaining amount of USD 16 million was disbursed to more than 40 organisations from the United Nations (UN) (USD 7 million); the World Bank and its subsidiary bodies (USD 4 million); and other international organisations, including global funds (USD 5 million). This dispersion of Greek contributions results in very small amounts for each organisation. For instance, the average disbursement to UN organisations amounted to less than

USD 0.5 million in 2004. This may weaken Greece's impact and voice in multilateral forums, including in the World Bank Group.⁶

Greece also provides **multi-bilateral aid**, mainly in the context of humanitarian assistance and in co-operation with the UN. For example in 2004 it provided humanitarian aid to hurricane victims in Haiti, Granada and Fiji; to flood victims in Bangladesh and Malawi; and to reconstruction and humanitarian programmes in Liberia and Iraq. Greece also participates in trust funds established on an *ad hoc* basis to finance specific sector or regional needs. These trust funds finance technical co-operation programmes usually implemented by Greek enterprises or consultant companies (Chapter 3).

A more strategic approach is needed

Greece intends to continue its co-operation with effective international development organisations sharing the same development goals and to extend its influence in these organisations. This is seen as a means to promote the achievement of the MDGs. A strategic approach should therefore be developed, with a focus on a limited number of organisations chosen with respect to their strategic interest to Greek development co-operation programme and objectives. Institutional strategies could be defined which could result in specific agreements signed with key organisations. Greece is already moving in this direction, as illustrated by a recent protocol signed with the World Food Programme. This strategic approach should allow Greece to develop synergies between its multilateral and bilateral channels at the country level.

The high number of actors in the Greek system, both on the bilateral and on the multilateral side, hinders the development of a unified and strategic approach to development assistance. While the Ministry of Foreign Affairs is the co-ordinator for bilateral aid, the Ministry of Economy and Finance is the main actor on the multilateral side. Since it manages both EU and IBRD funds, it controls up to 92% of multilateral disbursements.⁷ The remaining part of multilateral assistance is managed by six different ministries (the Ministry of Foreign Affairs, Ministry of the Environment, Land Planning and Public Works, Ministry of Health and Social Solidarity, Ministry of Culture, Ministry of Agricultural Development and the Ministry of National Defence). In order to meet demands for improved effectiveness and co-ordination among bilateral and multilateral channels, Greece will need to consider how to consolidate further its institutional system (Chapter 5).

Future considerations

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6. For example, in 2003 Greece had the following voting rights: 0.12% of votes in the International Bank for Reconstruction and Development (IBRD), 0.26% of votes in the International Development Association (IDA), 0.30% of votes in the International Finance Corporation (IFC) and 0.35% of votes in the Multilateral Investment Guarantee Agency (MIGA). In IBRD, IDA and IFC, Greece shares its board representation with six other countries (Albania, Italy, Malta, Portugal, San Marino and East Timor).
 7. A series of competencies were transferred in 2003 from the Ministry of Economy and Finance to the Ministry of Foreign Affairs, such as issues relating to the Framework Convention on Climate Change, UN's Agenda 21 of sustainable development, United Nations Environment Programme (UNEP), UN Economic and Social Council (ECOSOC), UN Economic Commission for Europe (ECE), the UN Conference on the Law of the Sea, the Food and Agricultural Organization, Black Sea Economic Cooperation and the International Agreements on Basic Products.

- Greece needs to address urgently the challenge of implementing its political commitment to reach the 0.51% ODA/GNI target by 2010. Therefore Greece should include an ODA growth implementation plan in its new medium-term programme, focussing both on the resourcing and spending dimensions of the equation.
- Greece is encouraged to build a medium-term geographical strategy for its development co-operation. In shaping this geographical strategy, Greece should be cautious to ensure continuity with its key partners and maintain a strong geographical focus based on its comparative advantage, in order to maximise its aid effectiveness. In doing so, it should also consider the need for gradually adjusting its portfolio to take into account the fact that some of its current partner countries will not be eligible to receive ODA in the future, while ensuring continuing public support.
- Greece should continue its current appropriate approach to sector concentration and make sure that all aid fits within its sector framework. Greek priority sectors should be taken into account when considering engagement in new countries.
- With a view to maximise its aid effectiveness while increasing the amount of aid, Greece should increase the share of aid to multilateral organisations other than the EC. While expanding its multilateral programme, Greece should be more selective and develop a proactive strategy to multilateral assistance.

Chapter 3

Sector Priorities and Special Issues

The main orientations of the Greek aid programme

Focus on MDGs, along with increased emphasis on humanitarian activities and infrastructure

The second five-year programme clearly sets Greek aid in the framework of EU policy, DAC guidelines and the international effort toward the MDGs. Greece, therefore, considers that:

[T]he ultimate goal of development co-operation is poverty reduction, especially in underprivileged developing countries, their stable and viable economic and social development, their harmonious and progressive integration in the global economy and preservation of peace and stability - through the enhancement of democratic institutions and the state of law - and respect for human rights and fundamental freedoms. Moreover, other goals include social progress, development and economic prosperity of all peoples, as well as preservation and sustainability of the environment (MFA, 2006).

Greek development co-operation sector priorities are the following: i) basic, secondary and vocational training infrastructure; ii) basic health infrastructure; iii) water supply and sanitation and other basic social infrastructure for villages and small towns; iv) environment and agriculture; v) job creation and income generation programmes; vi) democratisation, youth and women's empowerment; and vii) capacity and institution-building. Cross-cutting policy sectors include "enhancement of democracy and the state of law, respect of human rights and fundamental freedoms, gender equality, women and youth participation in the development process, more active participation of women in the decision making process and protection of the environment and natural resources".

Two trends in the aid programme have been noticeable over the last five years. The first is a stronger focus on humanitarian assistance activities (Annex C). The second is a progressive shift away from human development and capacity-building towards infrastructure, which is seen as an efficient way to support development efforts. The Balkan programme HiPERB, adopted in 2002, illustrates this new emphasis. Humanitarian assistance and infrastructure both bring visible results in the short term and are, therefore, a good way to attract public support. This is in line with Hellenic Aid's plan to better report on results to the Greek public. Over the coming years, Greece should strike a balance between the legitimate concern of demonstrating results and the need to build development capacity with an emphasis on ownership and sustainability, including recurrent cost funding linked to infrastructure.

Greece needs to better bridge policy and practice by further translating the policies into priorities in its programmes. This will require adopting a more programmatic institutional approach to these sectors, backed with adequate guidance, appropriate expertise capacity, consistent implementation mechanisms and relevant monitoring and evaluation tools (Chapter 5).

Fostering regional co-operation

Fostering regional co-operation is a key element in Greek policy for the Western Balkans, but also in the Mediterranean region, where the Greek government leads the Mediterranean component of the EU's initiative Water for Life, and in the more remote Black Sea region. In its regional approach, Greece tries to combine the different instruments of its foreign policy to promote peace, stability, democracy and development through greater economic integration. Greece's policy in the Balkan region is a good illustration of this approach.

The Balkan region is central for Greece's foreign policy given its geographic situation and resulting historical, cultural and commercial links. In addition to supporting efforts toward achieving sustainable development in the region, Greece actively supports its neighbours' efforts to become EU members. To this end, Greece is actively engaged in regional co-operation activities and participates in a number of initiatives set up to promote stability and co-operation between the countries of the region. They include the South East European Cooperation Process (SEECP), the South East European Cooperation Initiative (SECI), the Stability Pact and the Adriatic-Ionian Initiative. In line with its foreign policy objectives, Greece's development co-operation programme aims at contributing to political, economic and social stability in south-eastern Europe. Its main tool for this is the Balkan programme (HiPERB).

A major component of the Greek aid programme: the Balkan programme (HiPERB)

With total planned spending of EUR 550 million, the Balkan programme is by far the most important Greek development co-operation programme. This five-year programme, adopted by the parliament in March 2002, covers the following Balkan countries: Albania, Bosnia & Herzegovina, Bulgaria, FYROM, Romania, Serbia and Montenegro.⁸ While mainly focused on economic development, with a special emphasis on infrastructure, energy and productive investments sectors, it embraces a wide range of target areas.⁹ The Balkan programme represents the first effort made by Greece to incorporate various development aid initiatives into a single comprehensive plan. A specific institutional framework was set up to deliver the programme.

A specific institutional framework

The Balkan programme is managed by a separate unit within Directorate B1 of the Ministry of Foreign Affairs which handles bilateral economic relations. It has three components. The most important (79% of the budget) consists of large-scale public infrastructure projects officially proposed by governments of partner countries. While funds from the Balkan programme may not exceed 80% of the total cost of projects, it can participate in co-financing major infrastructure projects with other international organisations (Box 4). A second component (20% of the budget) aims at promoting

8. A specific amount is allocated for each country: EUR 250 million to Serbia & Montenegro, EUR 75 million to FYROM, EUR 71 million to Romania, EUR 55 million to Bulgaria, EUR 50 million to Albania and EUR 20 million to Bosnia and Herzegovina.

9. These target areas are: a) modernisation of infrastructure, particularly in the energy and transportation sectors; b) promotion of productive investments; c) modernisation of public administration and self-government; d) support of democratic institutions/co-operation of parliaments; e) support to the rule of law and the welfare state; f) addressing economic inequalities and developing a single economic space; g) support to education and vocational training, to build the administrative and scientific potential.

economic development through the establishment of private productive investments in these countries. This component cannot be reported as ODA. It is managed by the Ministry of National Economy, under the supervision of Directorate B1. Finally a Small Project Fund, accounting for 1% of the budget, is managed by the economic and commercial affairs sections of Greek embassies to support projects up to a value of EUR 50 000.

Bilateral agreements were signed with each programme country in 2002, national co-ordinators have been nominated by their government and joint management committees are under establishment. In Greece the HiPERB Monitoring Committee chaired by the Secretary General for International Economic Relations and Development Co-operation of the Ministry of Economy and Finance has been set up in Athens. Composed of representatives of six relevant Greek ministries, this committee assesses the proposals sent by the national co-ordinators and makes recommendations to the Minister for Foreign Affairs. Projects are implemented by the partner country government, and Greece monitors implementation through a) semi-annual progress reports (independently issued by the recipient country and Greek technical experts); b) on the spot visits; and c) quality checks.

Box 4. The Balkan programme: examples of large-scale public projects

The most important project is the **Pan-European Corridor X** (upgrading to motorway standards). This project, which is under technical and economic evaluation, is planned for Serbia and FYROM. Its budget exceeds EUR 600 million, and, in addition to recipient countries' contributions, it can also be co-financed by international financing institutions such as the European Investment Bank, the European Bank for Reconstruction and Development (EBRD) and the World Bank. The Balkan programme can make available up to EUR 150 million for this project.

Another project already under way is the former Common Institutions Building in Sarajevo (Bosnia & Herzegovina), renamed **Building of Friendship between Greece and Bosnia & Herzegovina**. The total cost for the building reconstruction is estimated at EUR 17 million, of which EUR 13.5 million is grant financing under the Balkan programme. Completion of this project is expected in mid-2007.

Some other important projects to be submitted for approval to the Monitoring Committee include a motorway in Albania (Sagiada-Konispoli-Agioi Saranda), three hospitals in Bulgaria, a big regional referral centre for emergencies, the Constanta Museum of the 21st Century in Romania and the SeeLight Program for four Balkan countries (a high speed fibre-optics network connecting universities and research centres).

Delays in implementation

So far, 11% of the funds originally budgeted have been committed and only 2.4% disbursed – though the rate is much higher for the private investments component (*e.g.* 69% in Albania). A first explanation lies in the initial delay to the programme. Implementation of the Balkan programme did not begin until April 2004, when a special team of experts was created in the Ministry of Foreign Affairs under the authority of the Deputy Minister. Since then, several projects have been approved for co-financing and the Balkan programme's implementation rate increased from 1.5% in 2004 to 11% in 2006.

Another source of delay is the complexity of the appraisal phase. The procedure includes the following steps: i) pre-approval by the Monitoring Committee; ii) project evaluation by Greek experts (technical, financial and economic evaluation followed by visits on the spot); iii) project analysis detailing all technical, financial, economic, environmental, social aspects; iv) project appraisal report submitted to the Monitoring Committee for discussion and final consideration. In some cases, projects approved in principle have remained in this phase for more than two years due to divergences of view

or uncompleted technical analysis. Finally the annual budget mechanism may lead to delays since disbursements largely depend on the availability of funds.

Perspective for coming years

Given the low level of disbursement, Greece has decided to extend the Balkan programme for another five years (2007-11). However, it has not established a five-year budget and prefers a more pragmatic approach, with disbursement plans established on an annual basis. This is also linked to the fact that funds are released from the Ministry of Economy and Finance to the Balkan programme budget through the Public Investment Budget, which is a more flexible procedure than securing funds through the Regular State Budget. Since the Public Investment Budget is established on an annual basis, all projections are made accordingly.

It could, however, be useful to set up a multi-year plan to guide the programme. This plan should list internal uncertainties (results of appraisal processes) as well as external risks (level of co-financing, political instability) which may compromise the implementation of part of the programme, and assess their probability. This strategic approach would allow time to make any necessary adjustments so as not to undermine the credibility of the five-year plan. Greece should build on lessons learnt from the first phase, especially with respect to the appraisal procedure, in order to pursue its implementation in the most efficient way and prevent excessive delays. Greece should take steps to ensure that the mechanism set up for the Balkan programme, which involves a specific framework for aid delivery, does not lead to overlap or inconsistencies with the rest of the Greek aid programme in the six countries covered. Regular mechanisms of consultation and co-ordination with Hellenic Aid, which manages the call-for-proposals process, will need to be further enhanced to this end.

The Balkan programme is a positive initiative that has reinforced Greece's involvement at the regional level and consolidated different components under the same umbrella. It is also a first attempt to set up a procedure different from the current system of call-for-proposals, with a stronger emphasis on partnership. While efforts are to be pursued to improve its means of delivery, the Balkan programme offers a valuable experience for Greece at a time when it needs to consider alternatives to its aid delivery system so as to build a stronger and more focused development co-operation programme. Greece should draw on the lessons learnt from the implementation of the Balkan programme to consider how to develop a programme based on aid effectiveness principles, beyond the call-for-proposals mechanism.

Bringing together economic co-operation and official development assistance

Greece has a strong tradition of international private sector engagement and Greek private investments have been increasing in the region over the last few years. As an example, more than 200 Greek enterprises are active in Albania, where Greek investments represent 27% of total foreign direct investment. Greece is also actively involved in numerous regional economic institutions. One example is the South Eastern Europe Enterprise Development, which promotes business initiatives and small and medium-sized enterprises in Albania, Bosnia-Herzegovina, FYROM and Serbia & Montenegro. Another is the Black Sea Trade and Development Bank (BSTDB), whose purpose is to contribute to

the economic prosperity of its members through regional projects and banking services to the public and private sectors.¹⁰

In its bilateral programme, Greece tries to encourage synergies between its economic partnerships and official development assistance. The Balkan programme is a good example of this. But in such a framework, it is necessary to avoid any possible confusion by clearly drawing a line between Greece's legitimate objective of promoting private investment abroad and its developing country partners' legitimate objective of seeking to use the official development assistance they receive most effectively to support their development objectives. In the case of the Balkan programme, the clear distinction made in the management framework between the private investment component and the two other components is appropriate. With respect to these two components, it is important to ensure that the view of the partner country prevails in the assessment of projects, to comply with the ownership principle.

Greece has also established a number of trust funds explicitly tied to the provision of Greek technical assistance and services. Examples include:

- i) The Hellenic Republic Consultant Trust Fund (CTF), through the World Bank, which finances activities in Bulgaria, Romania, FYROM, Albania and Serbia & Montenegro-Kosovo.
- ii) The Hellenic Republic-EBRD Technical Cooperation Fund (EBRD/TCF), active in Central and Eastern European countries and in the new independent states.
- iii) The Technical Cooperation Special Fund, through the BSTDB.

Total Greek contributions amount to some USD 9 million. In such instances, it is necessary to make sure that EU procurement procedures are respected and that tendering is open to firms and nationals from all EU member states.

More generally, considering that encouraging economic growth in which the ability of poor women and men is enhanced to participate, contribute and benefit is essential for eliminating poverty and achieving the MDGs, Greece is invited to develop a strategic approach to involving the private sector in supporting developing countries' poverty reduction efforts. Such an approach would help achieve policy coherence where competitive economic interests may arise, and maintain clarity on Greek objectives regarding economic co-operation, promotion of Greek investment abroad and official development assistance respectively. Greece's organisational framework should also be clarified in this respect, since, in the absence of specific development co-operation sections in Greek embassies in partner countries, newly appointed development officers still belong to the economic and commercial sections, which may lead to confusion (Chapter 5).

An important focus on tertiary education

A significant part of Greek assistance consists of subsidies and scholarships for students from developing countries. Imputed student costs for tertiary education amounted to USD 18 million in

10. In June 2005, following a Greek request to the OECD/DAC, it was decided that 27% of DAC members' subscriptions to the Black Sea Trade and Development Bank would be recorded as ODA. Greece's annual subscriptions amount to some EUR 5 million.

2004, and scholarships to USD 3.2 million.¹¹ Despite its magnitude, it is difficult to have a clear picture of the overall scholarship programme and its impact.

These scholarships are provided by different ministries. The main schemes are run by: i) the Ministry of National Education and Religions, which supervises the Institute of State Scholarships; and ii) the Ministry of Foreign Affairs, where two directorates manage two specific schemes:

- Hellenic Aid (YDAS-4 on NGOs and Development Education), which granted 501 scholarships in 2004/05 to students coming from 46 countries.¹²
- The Directorate for Educational and Cultural Affairs, with approximately 600 scholarships per year.

Other ministries have smaller schemes, such as the Ministry of Merchant Marine, which has granted 50 scholarships a year on average over the last four years; the Ministry of Macedonia & Thrace; and the Ministry of Health and Social Solidarity.

Usually, scholarships cover Greek language tuition followed by study at Greek universities (AEI) and Institutes of Higher Technology Education (TEI). After finishing their studies in Greece, students have to return to their countries of origin to participate in their social and economic development. Apart from these two principles, procedures are different for each institution, and there is no global monitoring mechanism to draw out lessons and adjust the schemes to better respond to their objectives.¹³

As recommended in the last review, Greece needs to improve the efficiency of this component of its bilateral aid programme by rationalising the number of tertiary scholarship schemes and streamlining procedures by introducing a common policy framework, selection procedures and award conditions. Greece should set as a priority a review of its support to tertiary scholarships to ensure that i) it is an efficient and cost-effective way of sustainably building capacity in partner countries; and ii) that it contributes substantially to achieving the broad goals of Greece's development co-operation. It should also consider conducting some tracer studies to establish the development impact of the scholarships it has granted.

There is also a need to bring stronger consistency between scholarship schemes and the rest of the aid programme. There is scope to develop a tertiary scholarship scheme that is more strategically geared to building human capacity in key areas for Greece's partner countries. An imperative will be to systematically involve partner countries in the identification of eligible sectors and selection of students, to ensure that the scholarship programme is consistent with national priorities. Except in some specific cases, such as Afghanistan, where the selection is done by the government, partner countries are currently hardly ever involved in the choice of the students. Students apply directly to

11. Greece reported an amount of USD 79.6 million in 2003 for scholarships for undergraduate, post-graduate and doctoral studies, which represented 22% of the total Greek ODA. This figure implied at least 4 000 sponsored students in Greece.

12. Two-thirds of them come from the Balkans, Central and Eastern Europe and the new independent states.

13. Scholarships granted by the Ministry of Foreign Affairs are subject to feedback through a register kept by Greek embassies.

Athens or, for scholarships granted by the Ministry of Foreign Affairs, through the Greek Embassy in their country of origin. For instance, in Albania, apart from six scholarships covered by a specific bilateral agreement with Hellenic Aid, the Albanian Ministry of Education is not involved in the EUR 1 million scholarship programme.

Future considerations

- Greece is encouraged to continue to improve the implementation of the Balkan programme and to enhance its collaboration with recipient countries to this end. It should build on the lessons learnt to consider how to develop a new development co-operation approach complementing the call-for-proposal mechanism, taking into account the challenges of increasing aid and aid effectiveness.
- Greece should maintain clarity on its objectives and programmes regarding economic co-operation, promotion of Greek investment abroad and official development assistance respectively. It should develop a strategic approach to the involvement of the private sector in supporting developing countries' poverty reduction efforts.
- Greece should set as a priority a review of its support to tertiary scholarships to ensure that this significant component of its bilateral programme is an efficient and cost-effective way of sustainably building capacity in partner countries and that it contributes substantially to achieving the broad goals of Greece's development co-operation.

Chapter 4

Policy Coherence for Development

International background on policy coherence

In adopting the 2002 *Action for a Shared Development Agenda*, OECD members acknowledged that successful poverty reduction required mutually supportive policies across a wide range of economic, social and environmental issues. Strengthened policy coherence for development also takes account of the needs and interests of developing countries in the context of the evolving world economy. This is a challenge for industrialised countries, where domestic interest groups and government departments are often preoccupied with concerns and responsibilities other than combating world poverty.

In addition to actions taken at the national level, EU members confirmed the goal of promoting and enhancing policy coherence at the EU Council in May 2005. The Council called on EU member states and the Commission “to strengthen policy coherence for development procedures, instruments and mechanisms and secure adequate resources in their respective administrations, looking at the best practices developed by some Member States” (Council of the EU, 2005). Member states can use their influence, individually or through strategic alliances, to bring coherence to policies emanating from the various European institutions. In this respect, Greece supports the EU position regarding the world trade system in promoting an increased access of developing countries to EU markets and exemptions from World Trade Organization (WTO) rules in specific sectors (Box 5).

Box 5. Policy coherence for development in the European Union

Within the EU, the principle of policy coherence is enshrined in Article 130V of the 1992 Treaty of Maastricht (subsequently Article 178 of the Amsterdam Treaty concluded in 1997). It obliges the Community to take account of the effects on developing countries of the policies that it implements. Institutional mechanisms have subsequently been adapted, including the grouping of the various directorates involved in the EU's external policies under the code name RELEX. In 2005 the Council adopted a Commission communication on Policy Coherence for Development, which commits the EU to promote and enhance this concept and invites the Commission to produce a biennial report on Policy Coherence for Development.

Given the size of the EU economic area, access to European markets is essential for developing countries. The “Everything but Arms” initiative adopted in 2001 removed quantitative and tariff barriers to the EU market for LDC exports. However, developing countries may still face difficulties in overcoming non-tariff barriers. These provisions become increasingly important obstacles as other barriers to trade disappear.

Internal EU policies, such as the Common Agricultural Policy (CAP), can also impact substantially on developing countries. The CAP subsidises agricultural production within the EU. Export subsidies then allow overproduction to be sold in other markets at less than production cost. Evidence suggests that subsidised EU farm products can create unfair competition in some local markets, including in developing countries where agriculture may provide livelihoods for most of the population. EU member states and the European Commission continue to reform the CAP to reduce its trade-distorting aspects. Their proactive engagement must be pursued to reach a WTO international agreement despite the suspension of the Doha trade talks in July 2006.

Greece's approach to policy coherence

As a member of the European Union and the OECD/DAC, Greece supports the principle of policy coherence for development and tries to strengthen the coherence of its internal policies to align them to the objective of poverty reduction. While promoting policy coherence in areas such as environment, Greece focuses its efforts on addressing the key issue of migration and related consequences it faces as a result of its proximity to countries in economic transition or in post-conflict situations.

Immigration: a whole of government approach to address this significant policy issue

Greece has faced significant migration flows since 1990. It has made great efforts to provide the migrants with adequate health and education services, involving significant expenditure (Chapter 2).

As is the case in other countries, immigration is a sensitive issue in Greece. Discussions to amend the 2001 Immigration Law passed by the former socialist (PASOK) government led to a contentious and protracted debate in parliament, and over the last few years the government has adopted a more integrated approach to migration issues. In 2002, as a first step in this direction, the Athens Migration Policy Initiative (AMPI) was launched as a joint project of the Hellenic Ministry of Foreign Affairs and the Migration Policy Institute to introduce thoughtful, innovative ideas on migration into the European policy debate. The new law on immigration adopted in August 2005¹⁴ establishes an inter-ministerial committee for immigration policy monitoring. It consists of the Ministers of Interior, Public Administration and Decentralisation; Economy and Finance; Foreign Affairs; National Defence; Labour and Social Protection; Justice; Public Order and Merchant Marine. The task of this committee is “to elaborate issues on (legal or illegal) immigration based on the progressive course of the phenomenon, the issue of guidelines aiming at the co-ordination of organisations participating in each case, the monitoring of their work and the proposal of institutional and technical measures towards (...) effective solution of the relevant problems”. The law provides for an integrated action plan regarding social integration of third country nationals, which is to be implemented under the co-ordination of the committee.

Fighting illegal migration, money laundering, organised crime and human trafficking

In a context where the massive influx of migrants dramatically increased crime, and where many neighbouring countries have inadequate and incomplete criminal policies and legislation, Greece has taken important legal and judicial steps to fight money laundering, organised crime and human trafficking in line with its international commitments. Greece is also committed to continue to incorporate in its legislation all relevant EU regulations and directives. It adopted several prevention and control measures on illegal immigration and trans-border criminality to comply with the Schengen Treaty.

At the same time, Greece, in conjunction with the EU, NATO and the South East Europe Cooperation Process, actively supports its neighbours in their efforts to effectively combat organised crime, both on bilateral and multilateral levels. In this respect, it participates in strengthening regional co-operation in the fields of law and order, border surveillance and controls. For instance, Greece supports the Albanian government in the sector of law enforcement and border security, through

14. Law N° 3386 on “Entry, residence and social integration of third-country nationals in the Hellenic territory”, 23 August 2005.

providing equipment and training for the Albanian police, carrying out common patrols along sea borders, and participating in the European Police Assistance Mission. In 2003 Germany, Italy and Greece signed with the Minister of Public Order of Albania a Memorandum of Understanding to establish a Centre for Combating Illegal Trafficking in Vlora.

Greece increasingly tries to address these issues in a more coherent approach, as illustrated in the area of human trafficking, where an inter-ministerial committee co-ordinates the implementation of a comprehensive national action plan (Box 6). This is all the more relevant since this approach allows actions in Greece to be combined with support to partner country governments.

Box 6. Fighting human trafficking: a coherent strategy involving nine ministries

Both practitioners and academics have identified a “Balkan route” for trafficking migrants, with clear links made between older drug trafficking routes, their interruption by war and organised criminal gangs branching out into people-smuggling. Given its proximity to the main countries of origin of victims (Albania, Moldova and Romania), Greece is confronted with this phenomenon as a country of destination or transit.

In order to address this issue and ensure appropriate assistance to the victims, in 2002 Greece introduced a new law providing for more severe penalties for all contemporary forms of trafficking in human beings and emphasising the necessity to protect minors and other vulnerable social groups. This law, complemented by a presidential decree, establishes for the first time in Greece the necessary legal framework for providing protection and assistance to the victims of these criminal acts.

An integrated National Action Plan was then designed to fight human trafficking and assist victims in line with the legal framework. Nine competent ministries (including Health, Justice, Public Order, and Foreign Affairs) implement this plan along with civil society organisations. The National Action Plan includes a wide range of activities covering the three dimensions of protection, prevention and containment. It involves national as well as international networks and works in co-operation with the International Organization for Migration (IOM), the Organization for Security and Cooperation in Europe (OSCE) and the Stability Pact for South Eastern Europe (SPSEE).

Hellenic Aid participates in implementing of the action plan at two different levels: i) internally in Greece, in facilitating assistance to victims through NGO programmes, institutional assistance policies and information campaigns; and ii) at a regional level through bilateral and multilateral co-operation with international organisations and countries of origin of trafficking victims, in order to draw up and implement development strategies that will restrict inflows of victims. An illustration of the latter is the Hestia project Women at Risk: Trafficking of Women for Sexual Exploitation, supported by Hellenic Aid in Albania. This project, implemented with a local partner (the Albanian Centre for Population and Development), aims to contribute to Albanian government efforts to deal with the problem of trafficking of women and girls, to assist their reintegration in society and to ensure the health of citizens, especially in the prevention of HIV/AIDS. The specific objectives of the project are: i) improving police and local administration services to help prevent and combat trafficking; ii) creating a shelter for women victims of trafficking; iii) supporting and empowering women victims of trafficking to promote their reintegration into society, iv) investigating the problem of HIV/AIDS in Albania in relation to trafficking; and v) making the public aware of the seriousness of the problem of HIV/AIDS, and of prevention measures.

Strengthening policy coherence within the Greek administration

High-level political commitment is needed

Greece’s second-five year programme explicitly refers to a recommendation in the 2002 DAC Peer Review of making a high-level commitment to policy coherence for poverty reduction as a government-wide objective. However, Greece still needs to follow up on this recommendation. Greece could profit from developing a government-wide policy on poverty reduction that brings the main players together more systematically to ensure policy coherence, including in areas not directly related to Greece’s main concerns. In line with the recommendation made in the last review, Greece should strengthen policy coherence as a government objective in the context of the new medium-term strategy

under preparation. This would enhance the role of Parliament's Committee on Defence and Foreign Affairs in vetting legislation for its coherence with reducing poverty.

While Greece is increasingly aware of the need for policy coherence for development, its effort in developing effective whole-of-government approaches is so far not that extended, a strong focus being on issues with important domestic ramifications as illustrated above. Greece needs to build on the experience gained in addressing these issues to develop a more comprehensive approach to policy coherence including institutional arrangements. In areas where the European Commission has the competence, Greece should continue to advocate in Brussels that EU decisions are coherent with development objectives. Equally, mainstreaming the gender dimension could be beneficial to partner countries, and the general secretariat for gender equality in the Ministry of the Interior – which is supporting programmes on gender equality in a number of Greece's partner countries – could help promote such an approach.

In other areas where Greece is already actively committed, such as sustainable development, combating corruption, or aid untying, further follow-up action needs to be taken. For instance, with respect to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, Greece must ensure that it has reliable means in place for detecting offences, as well as adequate sanctions and enforcement measures. Regarding aid untying, Greece must follow-up on the elimination of the coverage thresholds decided at the December 2005 DAC Senior-Level Meeting and accordingly adjust its procedures and reporting. Concerning NGOs the recommendation states specifically that aid to NGOs is excluded, but aid through NGOs (*e.g.* for the procurement of goods and services) is included. This may have an impact on Greece in view of the elimination of the coverage threshold of the DAC recommendation.

Strengthening the whole-of-government approach through an effective consultation mechanism

The challenges and complexities associated with promoting greater coherence for development highlight the importance of being well organised to address specific issues. They also point to the need for a political mechanism for exchange and consultation within and across government ministries. Greece already has structures in place and improvements in co-ordination are noticeable. Various inter-ministerial committees have been set up to co-ordinate efforts in areas such as money laundering, human trafficking or migration. In the environment sector as well, a national committee is in charge of implementing the National Action Plan to Combat Desertification designed following Greece's adoption of the UN Convention to Combat Desertification.

Greece should build on these specific schemes to develop a more systematic approach to addressing policy coherence issues. To this end the Greek authorities are encouraged to set up a systematic and formalised framework for inter-ministerial co-ordination. Since the Inter-ministerial Committee is an appropriate mechanism for exchanges, consultations and decision-making, its mandate could usefully be extended to include co-ordination for policy coherence.

With Hellenic Aid acting in close co-operation with the Inter-ministerial Committee, Greece should consider how to reinforce its capacity to address complex issues and provide adequate analytical support. This means devoting adequate staff resources to access information from other line ministries, the EU and other sources such as research institutes or universities, as was done with the Migration Policy Institute.

Future considerations

- Greece is encouraged to strengthen policy coherence for development as a government objective. A strong focus in the next medium-term strategy would provide a solid foundation for developing a systematic, formal framework for inter-ministerial co-ordination.
- Greece is encouraged to adjust existing structures to foster more systematic attention to policy coherence issues. The Inter-ministerial Committee's mandate should be extended to cover policy coherence issues and its secretariat should be given sufficient resources to access information from other line ministries, the EU and other sources.
- Greece should follow up on the DAC Recommendation on aid untying as revised in 2005 to ensure it takes due account of the elimination of the coverage threshold of the 2001 Recommendation in its contracting modalities and reporting.

Chapter 5

Organisation and Management

Organisation

Strategic guidance and oversight

Since 2002, the Ministry of Foreign Affairs has been responsible for co-ordinating Greece's development co-operation programme under the leadership of a deputy minister. The responsibilities of the Ministry of Foreign Affairs include promoting international co-operation, security and peace, protecting human and minority rights, ensuring world solidarity in dealing with humanitarian issues through participation in international initiatives, and providing humanitarian and development aid. They also include co-ordinating Greek ministries and other authorities and agencies on issues relating to the country's foreign relations.

Broader political involvement is ensured through the Inter-ministerial Committee for the Coordination of International Economic Relations (EOSDOS). This committee, established in 1999, is chaired by the Minister of Foreign Affairs. The Ministers of Economy and Finance, Development, Merchant Marine, Transportation and Communications are part of it, and other ministers join the meetings depending on issues covered. The Inter-ministerial Committee endorses the five-year strategic framework for development co-operation which is prepared and, once approved, implemented by Hellenic Aid. An annual report on the development co-operation programme is also prepared by Hellenic Aid and submitted to the Inter-ministerial Committee in November, and then to parliament.

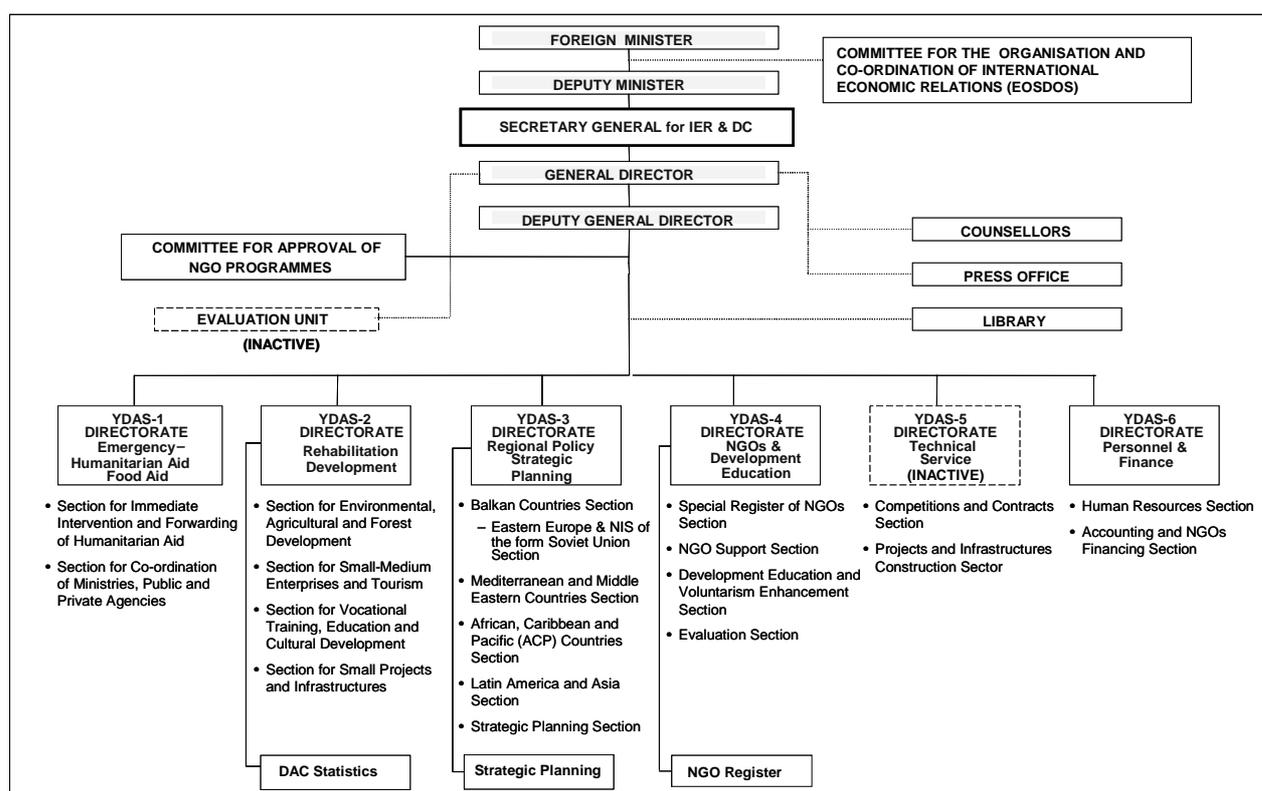
A National Advisory Committee on NGO Issues, chaired by the Minister of Foreign Affairs, was established in the Ministry of Foreign Affairs in 1999. Composed of representatives of relevant government and non-government implementing bodies of humanitarian and development co-operation programmes, this committee was intended to meet at least twice a year. However, it has not been activated, and has instead been substituted by an *ad hoc* advisory group which is brought together to address particular sectors and issues.

A stronger role for Hellenic Aid...

Within the Ministry of Foreign Affairs, the mandate of Hellenic Aid, established in 1999 as a general directorate, was extended in 2002 when competencies and the budget for development co-operation were transferred from the Ministry of Economy and Finance to the Ministry of Foreign Affairs. While its role was originally limited to humanitarian assistance and co-ordination of NGO programmes, Hellenic Aid is now the co-ordinating agency of Greek development co-operation and is responsible for monitoring, co-ordinating, supervising and promoting humanitarian and development assistance, whether implemented by ministries, NGOs or other agencies. This is consistent with the recommendation of the previous Peer Review to create a central organisation in charge of development policy, programming, monitoring and evaluation of Greece's bilateral and multilateral activities.

Hellenic Aid is managed by a general director, who reports to the Secretary-General for International Economic Relations and Development Co-operation of the Ministry of Foreign Affairs and to the deputy Minister for Foreign Affairs. It is composed of six directorates. However, its planned structure is not fully operational, as one directorate and the Evaluation Office are not yet in place. While one directorate, YDAS 3 provides strategic orientation, two directorates co-ordinate and monitor the implementation of the aid programme (YDAS 2 for rehabilitation and development activities; and YDAS 1 for humanitarian assistance), one deals with development education and NGO capacity-building (YDAS 4) and the last one (YDAS 6) is a support directorate providing administrative and economic services (Figure 1).

Figure 1. Hellenic Aid organigramme



The priority should be to establish the Evaluation Unit as an independent body able to assess Greek development co-operation programmes and projects. It is also of great importance to set up the Technical Services Directorate (YDAS-5), and especially the Contracts Section, the absence of which explains in part the low level of disbursements of Greek programmes. Finally, in order to reinforce the logic of the overall structure, Hellenic Aid could consider the opportunity to shift the statistical database of Greek development aid from YDAS 2 to YDAS 3, as this database is a useful tool for strategic planning.

... Even though many other official bodies remain involved in delivering the aid programme

When it comes to implementation, the roles of Hellenic Aid and the Ministry of Foreign Affairs remain small. The Ministry of Foreign Affairs implements some 33% of the bilateral programme, and only 2% of the multilateral programme, the major part of it being managed by two different units of the Ministry of Economy and Finance. Regarding bilateral aid, some 17 entities in 12 ministries are involved in delivering the programme, most of them with modest activities (e.g. in 2004 the Ministry

of Education supervised 11 programmes totalling EUR 1.4 million, while the programme delivered by the Ministry of Agriculture amounted to EUR 0.58 million) (Box 7). Within the Ministry of Foreign Affairs, Hellenic Aid directly implements humanitarian assistance activities and monitors development projects implemented by NGOs, but another directorate¹⁵ manages the most important bilateral programme (the Balkan programme HiPERB). Four different entities are involved in the Ministry of Economy and Finance – one of them managing the private investment section of the Balkan programme – and a new section was established there in 2006 to implement bilateral development programmes.

Box 7. Greek ministries and legal bodies involved in development co-operation

1. Ministry of the Interior, Public Administration and Decentralisation
 - a. General Directorate of Development Projects and International Organisations
 - b. General Secretariat for Gender Equality
2. Ministry of Economy and Finance
 - a. Directorate for International Organisations and Policies
 - b. Directorate for International Trade Policy
 - c. Directorate for Private Investments
 - d. 41st Directorate for Financial Relations with EU
3. Ministry of Foreign Affairs
 - a. B1 Directorate for Bilateral Economic Relations with Neighbouring and Mediterranean Countries
 - b. Hellenic Aid (YDAS-1, 2, 3, 4 and 6 Directorates)
4. Ministry of National Defence
5. Ministry of the Environment, Land Planning and Public Works
6. Ministry of National Education and Religions: Directorate for International Educational Relations
7. Ministry of Agricultural Development and Food
8. Ministry of Health and Social Solidarity
9. Ministry of Mercantile Marine
10. Ministry of Tourist Development
11. Hellenic Organisation for Small and Medium Industries and Handicraft (EOMMEH SA)
12. Manpower Employment Organisation (OAED)

Greece seeks to maintain coherence in the aid programme through two different mechanisms. Firstly, with the exception of the Balkan programme, all development assistance projects must go through the Hellenic Aid's call for proposals to be adopted and funded (see below). Secondly, Hellenic Aid regularly organises inter-ministerial meetings with representatives from all implementing entities of the aid programme. In 2004/05 inter-ministerial meetings focused on poverty reduction, environmental sustainability and statistical monitoring of ODA. However, with the Inter-ministerial Committee being at a high strategic level, these inter-ministerial meetings should be more operational and go beyond exchange of information and views on different areas. Despite these procedures, the complex system of aid delivery, which involves many different agencies implementing projects under specific bilateral agreements with various modalities, may lead to inconsistencies in the aid programme and therefore weaken its effectiveness. In partner countries, Greek embassies have to deal

15. Directorate for Bilateral Economic Relations with Neighbouring and Mediterranean Countries (B1).

with all these different implementing agencies and answer their requests for information or advice, without necessarily having a proper view of all activities implemented in the country. Greece will gain by consolidating the overall institutional framework and to this end should prevent bureaucratic competition between different departments.

A centralised approach

Greece has little operational development co-operation capacity outside Athens, where the entire Hellenic Aid staff – 38 in total – is based. However, in May 2006, Hellenic Aid created its first overseas posting: a development officer in charge of setting up the first regional office in Colombo. This office will be accountable to the Greek embassy in New Delhi.

Apart from this new office, Greek development assistance programmes in partner countries are located within Greek embassies. Some of them have personnel assigned to the development co-operation programme and working as “development officers”. For instance, within the Greek Embassy in Tirana, one officer is working full-time on the aid programme. In addition, the Deputy Chief of Mission is also involved in development co-operation activities. Having one staff member totally devoted to the aid programme is a positive development compared to previous years. Hellenic Aid estimates that some 20 people are fully or partly working on development co-operation issues in Greek embassies. However since there is no development co-operation section, these staff belong to the economic and commercial section of the embassies.

The level of delegation of authority has so far been limited and all the final decisions (for example, approval of programmes) are taken centrally in Athens. The main tasks of the development officers include representing Hellenic Aid in local meetings of donors; keeping contact with implementing partners and monitoring the bilateral programme; communicating project proposals to Hellenic Aid with recommendations or advice; and providing information on their implementation. They report to Hellenic Aid through the ambassador. Athens usually sends an expert to complete feasibility studies for the most important programmes.

The pre-eminence of the call-for-proposals process

Apart from the activities implemented under the Balkan programme and humanitarian assistance activities, each project and programme funded by Greece is subject to a call-for-proposals process. Once a year, Hellenic Aid sends a call for proposals to ministries, universities, NGOs and other bodies. This call includes the annual development co-operation policy goals, priority sectors, priority countries in relation to the MDGs, and procedural details.¹⁶ All recipients are invited to submit projects complying with the guidelines. The proposals received are first reviewed by Hellenic Aid, in collaboration with development officers in Greek embassies, and then assessed by a nine-member Committee for Certification and Evaluation of NGOs. Rehabilitation, development, and development education programs/projects can be co-financed up to 50% of the costs, and in some cases up to 75%.¹⁷

16. In 2006, two additional calls for proposals were issued regarding reconstruction in Pakistan and restoration of the Greek quarter of Alexandria respectively. Two-year projects could be considered under these calls.

17. Emergency and distress relief as well as emergency and humanitarian proposals can be financed up to 100%.

Co-financed projects must be in line with the Greek national development co-operation strategy. They must also take into account partner country development priorities, respond to basic needs, improve livelihoods and promote local community ownership. Priority sectors are basic social services, environment and rural development, income generation, small infrastructure and local business initiatives for combating unemployment. They also include cross-cutting issues such as human rights, gender equality and establishment of democratic institutions. Funding can also be provided to NGOs to support development education and public awareness activities, promote voluntarism, and strengthen co-operation among Greek NGOs and links between Northern and Southern civil society organisations.

Once approved, projects are usually funded in three stages: 50% when the contract is signed, 30% when the project is half completed and 20% at the end. Disbursements are subject to an assessment of the project implementation. In order to ensure that public funds are efficiently spent, strengthened regulations have been adopted when co-financing NGO projects (Box 8).

Box 8. Modalities, policies and criteria for co-financing NGO projects

Over the last five years, Hellenic Aid has co-financed an increasing number of NGO projects through the call-for-proposals process, with a view to strengthen the role of civil society and promote systematic co-operation with it. NGOs are seen as both a channel for and a complement to public development co-operation. Some 415 Greek NGOs are registered in YDAS-4's Special NGO Registry, making them eligible for receiving public funds.

Real progress has been made in the last four years to improve the call-for-proposals process in terms of transparency and efficiency. Since 2005, an electronic form has been available on the Web site of the Ministry of Foreign Affairs, replacing the former Special Guide for Non-governmental Organisations and Other Civil Society Bodies.

At the same time, in order to ensure that the money is efficiently spent and meets international criteria, Hellenic Aid has tightened the rules and set up an extensive *ex-ante* assessment process covering the technical, management and financial capacity of the NGO, its knowledge of the partner country and its ability to work with local partners. Hellenic Aid assesses the validity of the projects submitted, for which tougher conditions are required. NGOs are required to provide a document of agreement with a credible local NGO or a local authority; a document from an official authority of the recipient country referring to the need for implementing the proposed program/project; and a document of agreement from the closest Greek diplomatic authority. At the same time new contracts between Hellenic Aid and NGOs are more demanding. They require a letter of guarantee from a bank for programmes exceeding EUR 100 000, a sign showing the Hellenic Aid logo displayed at a visible point during implementation of an activity and after its conclusion, and an obligation on the part of the contractor to mention in all relevant documents that the project was financed by Hellenic Aid. All receipts must be sent to Athens and translated into Greek.

The challenge of giving a new dimension to the Greek aid programme

The increase of aid will imply further reinforcement of the Greek development co-operation system if it is to be able to manage a one billion dollar programme by 2010. Hellenic Aid will need to consider how to strengthen its capacity, develop a more strategic approach to its bilateral and multilateral co-operation, further rationalise its organisational structure and procedures (as planned through the legal initiative) and reinforce the skills of its staff. Greece is aware of this challenge and is preparing to address it.

The need for consolidating and clarifying the system

Greece recognises the need to reinforce the structure of its development co-operation system and is preparing a law to this end. The main objectives of this law should be:

- To strengthen the institutional function of Hellenic Aid within the Greek system in order to bring more coherence: the high number of actors, both on the bilateral and on the multilateral side, hinders the ability to develop a unified and strategic approach to development assistance. This could include strengthening the autonomy of Hellenic Aid within the Ministry of Foreign Affairs, and more clearly separating development co-operation and international economic relations in the headquarters and in the embassies, where development officers are part of economic and commercial affairs sections.
- To complete Hellenic Aid's organisational structure and reinforce its capacity so as to be fully operational. With respect to the implementation capacity, Greek authorities should examine the different options for strengthening its programme, either relying on different ministries' capabilities, or creating an implementing agency, which can move more effectively and smoothly than a ministry. Greece is encouraged to continue to gather information from other development co-operation agencies to determine what would be the most appropriate model given its specific context.

Towards a more decentralised approach

Decentralising the aid programme will be necessary to further implement aid effectiveness principles. Greece should take the opportunity of the additional resources which will be made available to further enter in the devolution process. In line with Hellenic Aid Action Plan for Co-ordination and Harmonisation, which states that “one basic element for alignment and harmonisation, and thus aid effectiveness in poverty reduction, is delegation of competence to the local staff”, Hellenic Aid is encouraged to strengthen its presence in regions of strategic priority for its aid programme. To this end, regional offices consisting of a specific development co-operation section could be set up in Greek embassies, identified through a needs-based analysis and based on Greece's comparative advantage. They should be endowed with adequate resources and given a clear mandate to design and monitor the regional aid programme.

Improving and going beyond the call for proposals

The call-for-proposals system has been improved over the years, with Hellenic Aid gaining experience. The system is now better structured and targeted and has clearer guidelines, and the application process is facilitated by the use of the Internet. Contracting procedures have also improved. To reinforce the strategic use of this tool, and develop a better consistency with Greek development co-operation objectives, Hellenic Aid should consider the following adjustments:

- In addition to mentioning that proposed projects must be compatible with the DAC principles and the MDGs, the call for proposals should specify that their main objective must be the promotion of economic development and welfare of developing countries.
- In line with the geographic focus of Greek aid and in order to prevent fragmentation of its programme, the call for proposals should stay focused on the geographic and sector priorities mentioned in the introductory statement.
- Since the current standard one-year project¹⁸ does not allow a real partnership and impedes capacity-building efforts and project sustainability, longer-term arrangements (two to three

18. If a project is to be extended, another application is required.

years), as is the case for reconstruction projects in Pakistan and in Alexandria, should be made possible to a larger extent.

- Even though Hellenic Aid aims at strengthening the visibility of Greek development assistance, the “Hellenic Aid flag” policy should be implemented in a flexible way so as to avoid contradicting ownership and alignment principles.

The call for proposals proves to be a useful tool to involve NGOs and other official bodies such as universities in the aid programme, and several projects implemented under this modality are of high quality (Chapter 6). However, although useful, it will not be sufficient to deliver a stronger bilateral aid programme, and should not be the primary channel for aid delivery (besides the Balkan programme). Moreover, it involves the two following risks: i) dispersal of activities and prevention of a more strategic approach; and ii) a supply-driven system instead of a partner country demand-led approach which would foster ownership. Greece will need to develop an approach based on country strategies deriving from partner country priorities. This approach should result in programmes framed by the needs expressed by partner countries, Greece’s response being based on its comparative advantage (Chapter 6).

Building development capacity: human resource management

With 38 staff members, Hellenic Aid’s human resource capacity is limited compared to other DAC member development co-operation systems managing the same volume of bilateral aid.¹⁹ Even though an estimated 100 other public servants are engaged in development co-operation issues, whether in other ministries or in embassies, Greece acknowledges the need to further increase the number of development co-operation staff, and to strengthen skills through life-long training and exposure to broader international experience. Training sessions are regularly organised in co-operation with the European Commission (EuropAid, ECHO) or other donor countries. The training programme also includes missions of Hellenic Aid personnel to countries such as Cyprus to assist them in developing their aid programme.

This capacity-building effort will need to be strengthened to address the challenges of increased aid. Thus, Greece is encouraged to develop a strategic approach to its human resources capacity covering the dimensions of recruitment, training and career development. Consolidating expertise and ensuring continuity in delivering the aid programme will require a specialised staff dedicated to development co-operation within the Ministry of Foreign Affairs. The different categories of work in the Ministry of Foreign Affairs do not allow for this at present.²⁰ There is no specific career path for development co-operation, and “development officers” posted in partner countries usually belong to the economic and commercial affairs category. Even though their economic background may be relevant and useful, this raises issues of expertise and continuity in delivering the aid programme. Building development co-operation expertise will require a specific career path. In addition, this will help differentiate between Greece’s development co-operation activities and its economic and commercial programmes. At the same time, the balance between diplomats and development experts in Hellenic Aid’s hierarchy in Athens should be reviewed to assure the autonomy of the agency within the Ministry of Foreign Affairs as well as the appropriate skills mix.

19. For example, there are 169 staff in the Portuguese Institute for Development Co-operation; and 90 staff in the New Zealand Agency for International Development.

20. They include the diplomatic service, the special legal department, experts and economic and commercial affairs.

To manage a more delegated programme and allow a more programmatic approach in line with aid effectiveness principles, Greece will need skilled and specialised staff in partner countries. In addition to creating a specialised development co-operation career, Greece could consider hiring local staff with technical expertise to work on the development co-operation programme. The role of this locally hired staff may expand in line with the extension of the devolution process.

Shifting from a monitoring focus to a culture of results

Over the last few years, as a result of its project approach, Greece has focused its attention on monitoring the aid programme and set up a Performance Monitoring System. The reason for this focus on monitoring is that a series of controls are required before each of the three disbursement steps of a project to comply with the call-for-proposal guidelines. Given the number of these one-year projects, this represents a huge task, involving both Hellenic Aid staff and personnel in Greek embassies. In addition, Hellenic Aid reviewed past development co-operation projects to find out whether they fulfilled Greece's requirements in terms of transparency and effectiveness. This monitoring system is useful to ensure that money is efficiently spent.

This effort is mainly process-based and focused on inputs. There is a need to complement *ex-ante* feasibility studies and regular follow-up of projects through output-based *ex-post* evaluations. In some cases, conducting a global impact evaluation of support provided on a sector or geographic basis could be valuable. Results of *ex-post* and impact evaluations should be widely disseminated in order to inform decisions. For instance, in Albania a deeper knowledge of the impact of the scholarship programme would be necessary to review it in coming years to increase its effectiveness in supporting Albanian development.

Hellenic Aid acknowledges that evaluation is one of the most important functions of donors' aid agencies, and its action plan calls for a strong emphasis on monitoring and evaluation (Box 9). In setting up an independent evaluation unit, Greece should make sure lessons learnt are translated into knowledge management and linked to programme management. It is encouraged to consult with other DAC member countries and seek guidance from the DAC Network on Development Evaluation to identify the best model for this unit.

Box 9. Hellenic Aid Action Plan calls for a results-based approach

"The need for adoption of a more systematic monitoring system demonstrates the commitment of Hellenic Aid to develop an evaluation and continuous learning process within the Greek aid system with the focus being on tangible results. In this framework, information is gathered regarding results of projects implemented, and reports are submitted. The monitoring system includes since the beginning of 2004, visits to the projects by experienced staff who complete record reports in which they evaluate competence, effectiveness, development impact, suitability and expected sustainability of projects and programmes in co-operation with local partners.

It is in the immediate plans of "Hellenic Aid" to improve extensively its monitoring auditing and evaluating systems so as to increase transparency, efficiency of the Hellenic Aid Programme and to create the basic infrastructure for management for development results. Every effort is made to develop a process within the Greek aid system focused on results. The results of the evaluation will be used on a regular basis as a tool for an improved decision making as well as for an effective planning and implementation of projects and programmes."

Source : Hellenic Aid Action Plan for Co-ordination and Harmonisation of Development Co-operation Policy.

Developing a strategic approach to non-government actors

Greece aims at strengthening the involvement of civil society organisations in development co-operation, and Hellenic Aid could build on capacity development activities and incentives it has provided so far to develop a more strategic approach to the NGO community. Relationships between Hellenic Aid and NGOs are weak, *ad hoc* and usually limited to a theme set by Hellenic Aid. A new development occurred in 2006 with a first official consultation with NGOs by Hellenic Aid over the draft law providing for its re-organisation. With the Greek national platform of NGOs in place, such consultation should be organised on a more regular basis, given the importance of NGOs in the Greek co-operation programme, and to aid this, the National Advisory Committee on NGO Issues should be activated. One of its objectives could be to prepare an annual synthesis of activities implemented by NGOs, as a first step to assess their role as implementing partners of the Greek development co-operation programme and as a means to better co-ordinate actors inside the aid programme. It could also be a place to collect the views of NGOs on strategic issues for Greek development co-operation, as it is preparing for an increase in aid and will have to adjust its geographic portfolio. The preparation of the next five-year programme should be an opportunity to set up a more formal dialogue with the NGO community.

The imperative to comply with Greek rules regarding public accountability and to provide guarantees for effective implementation of projects should be balanced against the risk that too many administrative requirements and controls hinder the operational capacity of NGOs. For instance, regulations regarding bank guarantees should be applied in a way compatible with the specificities of NGOs. Hellenic Aid will need to develop a strategy in relation to numerous NGOs which have been registered, but which do not prove to be efficient. Progress has already been made in this direction, as illustrated in Albania where the embassy works with a smaller number of NGOs as a result of a tougher selection process. Streamlining this system could lead to developing multi-annual strategic partnerships with a smaller number of NGOs recognised as competent and effective, for which administrative requirements could be adjusted.

Future considerations

- Along with the increase in its development co-operation programme, Greece should move towards a more strategic and development-oriented culture. It will need to review the institutional structure to pursue the move toward consolidating the system and facilitate a common approach between bilateral and multilateral channels.
- Hellenic Aid is encouraged to put in place all units of the organisational structure laid out in 2002 and rationalise its procedures. The Greek authorities should examine the different options for strengthening the implementation of its programme, either relying on different ministries' capabilities, or creating an implementing agency.
- Greece should develop a strategic approach to the management of human resources in terms of recruitment, training and career development, in order to have the appropriate level and mix of expertise within the staff and ensure continuity in delivering the aid programme. To this end, it should also consider creating a career path in development co-operation to establish a group of specialised staff distinct from economic and commercial staff in embassies, and recruiting local staff with technical expertise in partner countries.
- Greece should shift toward a results-based approach and set up as soon as possible an independent Evaluation Unit, while ensuring lessons learnt are translated into knowledge

management and linked to programme management. Guidance from other DAC member countries and the DAC Network on Development Evaluation could be provided.

- Hellenic Aid should continue to improve the call-for-proposals system and streamline the process and its administrative requirements while keeping up with public accountability rules.
- Hellenic Aid should strengthen its approach to the NGO community through regular meetings on substantive issues, for example through activating the National Advisory Committee on NGO issues.

Chapter 6

Field Operations and Effectiveness

Since the beginning of Greece's development co-operation programme, Albania has been a large recipient of Greek aid. Findings from the visit to this partner country (10-13 July 2006), which was also visited for the first Peer Review of Greece, are therefore of special relevance in assessing how Greece delivers its aid programme and the progress made in this respect since 2002. While some conclusions about aid management and organisation in the field have already been presented in Chapter 5, here we focus on the implementation of the aid effectiveness agenda.

The Greek development co-operation programme in Albania

Albania's context

Albania is one of the poorest countries in Europe, although it has made significant economic and social progress since its transition from a rigid form of communism to a quasi-market economy 15 years ago. Despite an average real GDP growth of 6% per year since 1998, some 25% of the 3.2 million inhabitants live in poverty (less than USD 2 per day) and 5% in extreme poverty (USD 1 per day). Growth has, however, been fuelled by high amounts of remittances from large numbers of Albanians who migrated in the 1990s or work temporarily abroad.²¹ The agriculture sector accounts for about half of the country's GDP. While Albania has pursued far-reaching structural and economic reforms and has made advances in establishing democratic institutions, it still faces key obstacles such as weak governance, resulting in poor law enforcement; rampant criminality and a black market economy; lack of foreign investment; and poor infrastructure. Some measures are underway to improve the legal and institutional framework and stimulate domestic and foreign investment. A National Strategy on Development and Integration is being formulated by the government of Albania and will provide the roadmap for the country's future development. Meanwhile, Albania is moving towards European integration, an important step being the Stabilisation and Association Agreement signed with the EU on 12 June 2006. Recent European Community assistance has concentrated on strengthening the state and the rule of law, large infrastructure projects, agriculture and local community development, education and humanitarian assistance.

Greece's relationship with Albania

Albania is an important partner for Greece in the region and the two countries co-operate closely in many sectors. The Friendship, Co-operation, Good Neighbourliness and Security Agreement signed

21. Emigration in search of work opportunities has played a critical strategic role for many Albanian families in the post-communist era. Since 1991, one-fifth of Albanians, or more than 600 000 people, have migrated abroad, primarily to Greece and Italy. Remittances from Albanian migrants have been the main sources of savings for financing domestic investments. They represent on average 13% of Albanian households' total income. In 2004, the value of remittances reached USD 889 million, while foreign direct investment amounted to USD 426 million and ODA to USD 363 million (World Development Indicators, 2006).

in 1996 establishes the institutional basis for relations and involves a high-level political dialogue. It has led to a wide range of specific agreements covering economic, cultural, security and co-operation aspects. Greek policy aims at securing stability, development and welfare in Albania. Greece supports the process of Albanian association to the EU and assists in the reforms needed for this purpose, for example through its participation in both the European Police and the Customs Assistance Missions. While around 400 000 Albanians currently live in Greece, an ethnic Greek minority is present in Albania, which is mainly located in the southern part of the country. Important topics of the Greek-Albanian bilateral agenda include the situation of these populations, as well as security issues such as illegal migration and human trafficking.

Economic relationships are crucial. Greece is the second trade partner after Italy, with Greek products accounting for some 21% of Albanian imports, and 12% of Albanian exports coming to Greece. In 2005, the volume of trade with Albania rose to USD 459 million, with the balance heavily in favour of Greek exports (USD 434 million) over Greek imports (USD 25 million). Greece is the first foreign investor in Albania with invested capital exceeding USD 500 million. Some 220 Greek companies are active in Albania in the sectors of telecommunications, oil and petroleum, banking, construction, food industry and textile manufacture.

Profile and characteristics of the Greek aid programme in Albania

A modest local partner despite a huge aid volume

Albania is the second recipient of Greek aid. In 2004, 15% of Greek net bilateral disbursements (USD 19 million) were allocated to this country. This included in particular USD 8.4 million for tertiary education and USD 0.4 million for vocational training provided to Albanians in Greece.²² An amount of USD 8.1 million was reported by the Greek embassy in Tirana as actually spent in Albania in 2004.

Compared to the World Bank (USD 64 million in average 2003/04), the United States (USD 64 million), the European Commission (USD 39 million), or Italy and Germany (USD 24 million), the Greek development programme in Albania is modest and paradoxically makes Greece a minor development actor within the country. Greece could, however, build on its strong relationship with Albania to develop a more pro-active approach to the donor community in implementing the aid effectiveness agenda (Box 10). This will be all the more relevant as the Balkan programme starts to finance large-scale infrastructure programmes.

The Greek programme in Albania is focused on a few sectors which are crucial to Albania and which respond to national priorities: education, social and economic infrastructure, and illegal migration and human trafficking. As noted in Chapter 4, there is a strategic, coherent and multi-dimensional approach to support action against human trafficking both at the government level and at the local level (including through joint projects/programmes). The scholarship programme remains an important part of Greece's support to Albania, while the share of peacekeeping activities (mainly implemented through the UN) is decreasing. While previously involved in building capacity through training, Greece now focuses its support on infrastructure, which it considers more efficient and responsive to real needs as expressed by the Albanian authorities. Notably, Albanian authorities appreciate the good collaboration with universities in Tirana and with the scientific research community.

22. In addition to this ODA, Greece provided USD 126.1 million in 2004 for secondary education of Albanian children in Greece.

Various actors and channels for aid: toward a stronger role for Hellenic Aid?

Greek aid in Albania is project-based and is channelled through various mechanisms, the most significant being the Balkan programme (Chapter 3). According to the 2000-04 plan, Albania was to receive a total amount of USD 55 million to be spent in the infrastructure and production sectors.

Box 10. Greece and the aid effectiveness agenda in Albania

There are 45 donors active in Albania, providing a total of USD 0.5 billion per year. The top 10 donors provide half of the total external assistance. Progress has been made over the last three years towards donor co-ordination, which led to the establishment of a Donor Technical Secretariat (DTS) with a committee composed of the World Bank, the EC, the OSCE and UNDP, and with initial financial support from UNDP. Four roundtables have been organised, preceded by a government meeting, and a donor Web site is being developed. Albanian public financial management and procurement standards are still a concern for donors, even if progress already made resulted in a first SWAp in the education sector starting in July 2006 with a USD 15 million soft loan from the World Bank.

A Department of Strategy and Donor Coordination was set up in early 2006 and placed under the Prime Minister's Office. It is mandated to: i) oversee and co-ordinate the development and implementation of the Integrated Planning System (IPS) as part of a broader government modernisation programme; ii) ensure the quality, coherence and effective co-ordination of the National Strategy for Development and Integration (NSDI); and iii) maximise the contribution of external assistance towards achieving national policy priorities. As part of the monitoring of the Paris Declaration, two national co-ordinators have been appointed by the government and will have to contact donors.

The Government of Albania is committed to start an **Integrated Planning System (IPS)** as a broad planning and monitoring framework aiming at ensuring coherence and consistency within Albanian core policy and financial processes. These core processes are: the National Strategy on Development and Integration (NSDI); the Mid-Term Budgetary Program; and the Public Investment Program, including elements financed by the European Integration process and external assistance. The NSDI, which is under preparation, will be based on 23 sector strategies and 10 cross-cutting strategies. Thematic groups are led by the government, and donors and civil society will be consulted on the overall process through a Strategy Advisory Committee. The system will be designed in 2006, and the process will start in 2007; it will be refined in 2008. The IPS will help donors to develop a coherent and integrated strategy.

Donors set up an IPS support group and offered technical assistance (capacity-building) for IPS implementation. Donor funds to support this process will be pooled and administered through a government-executed multi-donor trust fund managed by the World Bank.

Greece adequately complies with DTS's requirements in terms of reporting. It is encouraged to develop a more pro-active approach to donor co-ordination. In doing so, the Greek programme could gain visibility and develop more joint approaches taking into account its comparative advantage and building on the few joint projects it is involved in (illegal migration with IOM and child trafficking with UNICEF, Sweden, Norway and USAID). In common with other donors, Greece does not participate in sector approaches such as the World Bank SWAp in education started in July 2006. This new SWAp could be an opportunity for Greece, which is already involved in this sector, to develop a more programmatic approach to its development co-operation in Albania. Greece should also think about the adjustments needed to increase its reporting through the Albanian budget, and could benefit to this end from the experience gained with the water infrastructure projects undertaken under the 2002 MOU with the Ministry of Economy. These projects were implemented using the national procedures and funding went through Albania's Treasury system (accounting for 21% of the money disbursed in Albania in 2004). The major Balkan programme will also be reported in the Albanian budget.

In addition to managing the small project component of the Balkan programme, the Greek Embassy in Tirana monitors the projects implemented by Greek NGOs or other Greek entities, which are annually selected by Hellenic Aid through the call for proposals. Other Greek ministries directly implement projects under bilateral agreements, and deal directly with counterparts in Albania to this

end. For instance, a specific protocol was signed between the Greek Ministry of Development and the Albanian Ministry of Education to develop co-operation on scientific research.

However, over the last four years, the Greek Ministry of Foreign Affairs has become the main implementing agency in Albania. In 2004, Hellenic Aid was in charge of almost half of the programme in the country, compared to one-fifth in 2002. The Ministry of Defence remains the second implementing agency but its role, mainly limited to medical services delivered to civil population, should diminish further through a progressive transfer to civil authorities able to ensure sustained support. This stronger role of the Ministry of Foreign Affairs, and especially of Hellenic Aid, results from the institutional re-arrangements in Athens and should be pursued in the future, since a stronger co-ordination among Greek entities is needed to develop an overall country strategy for development aid.

Country programming and implementation: putting the action plan into practice

The Hellenic Aid Action Plan for Co-ordination and Harmonisation, adopted in September 2004, addresses the main principles of the Paris Declaration. It specifies that:

...the immediate objective of Hellenic Aid is to further align its aid projects/programmes to partner country-owned sectoral strategies and to further align programmes, procedures, and timetables behind the national PRSPs, while reducing the amount of aid provided through stand-alone projects. The intention is to adopt a more integrated and programmatic approach to country programming and budgeting, backed up by more regular consultations with local authorities concerning development co-operation.”

This plan, together with the Paris Declaration and an explanatory paper, has been disseminated within Hellenic Aid, other implementing agencies of development co-operation projects and embassies of the priority partner countries. Specific meetings were also held in Athens to present the core issues of the Paris Declaration. However, Greece will need to consider how to translate this plan into action in order to bridge the gap between the principles it highlights and current practice. To some extent, the nature and modalities of the Greek programme may undermine aid effectiveness principles.

Greece's country strategy and programming

Although the Hellenic Aid action plan calls for multi-annual planning, funds are still allocated on an annual basis. Each year, priority sectors per priority country are identified in line with proposals from diplomatic missions and bilateral agreements. Ministries, academic institutions and NGOs submit project proposals within this framework. This modality leads to a fragmented approach. Progress towards a more coherent approach is however under way, as illustrated by the multi-annual Balkan programme, as well as the new 2006-08 programme in Sri Lanka and the two-year programmes in Pakistan and Indonesia. It is crucial that such multi-year aid discussions be extended to other Hellenic Aid priority countries (Box 11).

Developing multi-annual country programmes based on partner country strategies for all its key partners should be a priority for Greece in the coming years. This would allow Greece to bring a coherent picture of Greek development assistance to its partner countries, while ensuring their consistency with both the Greek medium-term strategy for development co-operation and partner countries' priorities. The different components of Greek activities would be placed under a strategic vision and in a common country framework discussed with the partner country authorities. This would allow a longer-term view, increase aid predictability, permit economies of scale and strengthen the basis for the political dialogue with partner countries' authorities. In neighbouring countries, such a

general framework would also allow a more interlinked approach to the relationship, and help to build close co-operation and mutual trust with country authorities to assist in handling different and complex issues such as migration, economic and trade links that might arise in the relationship. In the case of Albania, this could lead to a stronger consistency between the scholarship programme and Greek development aid activities and a strengthened attention to the follow-up, in particular to ensure that Albanian graduates return to their country and contribute to its development.

Box 11. Limits of annual commitments

One-year commitments contradict the aid predictability principle and inhibit capacity development and the emergence of the strategic partnerships necessary in a development perspective. Like other DAC member countries, Greece faces the problem that its budget is determined annually, which does not allow for multi-year commitments. Available funds for financing the second medium-term programme (2002-2006) are annually registered in the state budget, following a proposal by the Minister of Foreign Affairs and a subsequent decree from the Minister of Economy and Finance.

Even in the case of the multi-year Balkan programme, the budget is approved on an annual basis and disbursements are largely conditioned to the availability of funds. This, in addition to other reasons, helps explain the significant difference between pledges, commitments and disbursements (Chapter 3). The fact that disbursements are at a lower level than announced may negatively influence Greece's credibility in the Balkan region.

Aid modalities: a dominant project approach

Greek aid in partner countries is delivered essentially in project form. In Albania, some 80 projects are managed by the Greek Embassy each year, for an aid volume which can consist of funding ranging from EUR 10 000 to one million. Some 20 Greek NGOs work with local NGOs to implement these projects, usually under an agreement taking the form of a letter of understanding between the embassy and the Albanian counterpart.²³ In order to ensure that projects respond to local needs, the Greek Embassy checks their consistency with national strategies (the National Strategy for Integration and Development, in the case of Albania). Formal approval by a national or local counterpart is also required. However, no overall strategy is discussed with the partner country and the central government is not always informed of the projects implemented, a number being decided at the community or district level. The government, therefore, does not have much scope for discussing them. This can lead to misunderstandings or delays, as was the case for projects implemented in the southern region of Albania, where a Greek minority lives. It is worth noting that Greece has been responsive to Albania's request to work outside areas where the Greek minority lives, and has, subsequently, developed a stronger focus on other regions.

The current fragmented approach may impede efforts towards greater ownership, alignment and harmonisation. Despite the above guarantees, calls for proposals also convey the risk that projects will be supply rather than demand-driven. Although many projects prove to be efficient (Box 12), Greece needs to consider widening its approach and shifting towards a more programmatic approach. This would enable Greek embassies to further integrate partner country governments into their programmes, which is necessary to build ownership, enhance the legitimacy of national authorities and reinforce state capacity. For instance, in Albania, Greece should focus its support on helping build

23. For example, the agreement with the Ministry of Local Government and Decentralisation covers a list of 26 projects for an amount of EUR 1.5 million.

Albanian public education capacity, and with respect to infrastructure, should take into account the national map of schools to ensure the most adequate response to national needs. Further involvement of national authorities is all the more necessary for scholarships, since selection of students should be closely linked with national priorities. Moving toward a more programmatic approach will require strengthened resources and more delegated responsibilities at the field level (Chapter 5).

Greece will also need to think about its aid delivery modalities in the light of lessons learnt from the implementation of its programme in partner countries. There are huge differences in the way projects are implemented depending on implementing agencies, partner countries and programmes. The level of efficiency and disbursements is uneven. For example, as between the different components of the Balkan programme in Albania, while the level of disbursements is high for private subsidies,²⁴ it is weak for the small projects (about 20%) and zero when it comes to the large project component.²⁵ Greece will need to clearly identify the characteristics of its different aid programme channels which may hinder aid delivery, and those which facilitate it, in order to rationalise the process and ensure greater efficiency. This could be a first objective of the Evaluation Unit once it is set up.

Box 12. A seed-potato centre in Georgia: appropriate support from the Agricultural University of Athens

Tsalka in Georgia is a remote, mountainous area with very low incomes and few social facilities. It is suffering from rapid depopulation and requires urgent support for communities to survive. In response to a request from local Georgian authorities, a two-year project funded by Hellenic Aid has been implemented since November 2005 by the Laboratory of Horticulture of the Agricultural University of Athens. This project, based on an analysis of local needs, comparative advantages and the region's constraints, consists of setting-up a seed potato centre (to provide high quality seeds) and a producers' co-operative. The project is implemented in a region which previously specialised in potato production. It will result in increased production, since farmers are not currently able to buy expensive imported certified seeds. The local production of certified seeds will reduce their costs by a third.

The project works closely with a research institute in Tbilisi which had been inactive for the last 15 years but which has been revived through the project. The institute has started producing virus-free potato propagating material, which after several multiplications will give the "certified" seed used by market-potato producers. Adequate equipment and materials for laboratory and office use were provided for this purpose. A laboratory will also be established in the area of Tsalka and equipped to provide supervision and control during the production stage. Meanwhile producer co-operatives will be set up in close co-ordination with local authorities and NGOs in order to control production and marketing of seed potatoes and market potatoes. One Georgian expert visited a potato-seed co-operative in Greece to benefit from Greek experience.

This EUR 150 000 project benefits from the Agricultural University of Athens's good knowledge of the region and its analytical and technical capacity. Its approach, combining partnerships (with Georgia, but also with USAID and the EU), involvement of the local population from an early stage, capacity-building and sustainability, leads to an effective project. While illustrating the comparative advantage resulting from Greece's expertise, it demonstrates the imperative of going beyond one-year projects to build lasting impact.

24. Subsidies to 15 Greek private productive investments in Albania, mainly in the manufacturing and agricultural sectors, benefited from USD 13 million through the programme.

25. Of the three projects proposed by the Albanian government, only the Sagiada-Konispoli-Ag. Saranda motorway met the eligibility criteria. This project is still pending. The technical appraisal lasted for two years due to a number of reasons (*e.g.* lack of co-ordination within the Albanian government, Greek administrative requirements, divergence on the road layout) and has just been completed. The project will therefore be submitted to the next Monitoring Committee for approval.

Future considerations

- Based on national strategies, Greece should develop strategic country programmes for all its priority partners, and should link to other donors' involvement in the partner country in order to build a more coherent programme while ensuring ownership and alignment of Greek development aid. This will allow for the introduction of a results-based approach to development aid.
- Hellenic Aid is encouraged to consider the implications of its Action Plan for Coordination and Harmonisation on its programming and aid delivery modalities, *e.g.* in terms of involvement in multi-donor projects or programmes, participation in sector-wide approaches or budget support, reporting on government budget and delegated co-operation.
- To increase aid predictability and improve the effectiveness of the Greek development co-operation system, Greece should adopt multi-year financial programming and bring the key development co-operation actors together to generate synergies and limit overlap.
- A more decentralised approach, supported by a country strategy and relying on greater local capacity, would strengthen the institutional dialogue with partner countries and enable Hellenic Aid to move toward sector-based approaches.

Annex A

The 2002 DAC Peer Review and Greece's Achievements

Key Issue	Recommendation expressed in 2002	Achievements since 2002
Policy framework	Clarify the goals and objectives of the aid program, including the central contribution of sustainable poverty reduction to regional security and welfare, and develop an assessment framework to support decision-making and budget allocations.	The PPASBE 2002-06 is a welcome move toward building a strategic policy framework aligned with the MDGs. It includes as a key orientation to encourage democracy and sustainable economic development in the region. Greece will need to further develop its strategic approach and translate it into prioritisation and programming.
	Work to operationalise the new policy on poverty reduction, gender equality and the environment and carry out environmental impact assessments for activities funded through the Hellenic Plan for the Economic Reconstruction of the Balkans.	PPASB 2002-06 sets poverty reduction as the main goal and includes environment and gender equality as sector priorities. Better bridging between policy and practice is necessary. This will require adopting a more programmatic institutional approach to these sectors, backed with adequate guidance and relevant evaluation tools.
ODA/resource allocation	Build on and expand longer-term development activities, now that emergencies in neighbouring countries have receded, and continue raising ODA/GNI ratio.	Greece is committed to increase its ODA to 0.51% by 2010. While the Balkan programme allows to build longer-term perspectives, the call-for-proposal process should be adjusted to shift from primarily within-year activities to longer-term development programmes
Organisation	Take the opportunity of the current transfer of functions to ensure organisational structures promote efficient and effective achievement of development co-operation goals and objectives.	The transfer in 2002 of the competencies and budget of bilateral development co-operation from the Ministry of Economy and Finance to Hellenic Aid is a positive step to consolidate a quite dispersed programme in a more co-ordinated approach under EOSDOS and to allow a more efficient and coherent system.
Personnel policy	Build up a group of development co-operation specialists to manage and implement the aid program, including during postings to main partner countries.	Greece has strengthened the capacity of Hellenic Aid through increased professionalism and is starting to develop a stronger presence in the field with development officers in embassies and a first regional office set up in Sri Lanka. Greece could go further in establishing a group of specialised staff differentiated from economic and commercial staff in embassies.

Programming	Adopt a more integrated and programmatic approach to country programming and budgeting, backed up by annual high-level consultations dedicated to development co-operation matters.	While a more programmatic approach is being developed in some countries (Sri Lanka, Pakistan), developing multi-annual country strategies remains a priority for Greece so as to build a more coherent programme while ensuring ownership and alignment of Greek development aid.
Scholarship	Conduct a review of tertiary scholarship schemes and increase support for basic social services.	Greece has increased its support for basic social services. With many ministries delivering scholarships, Greece should conduct an impact assessment of its support to tertiary scholarships to ensure that this is an efficient way of sustainably building capacity in partner countries.
Aid delivery modalities	Investigate opportunities for streamlining procedures, for example in relation to project selection and tertiary scholarship schemes.	Real progress has been made to improve the call for proposals process in terms of transparency and efficiency, including the use of the Internet. Streamlining procedures remains necessary with regard to scholarship schemes.
Multilateral co-operation	Pursue a more strategic and integrated approach to multilateral assistance and work to bring bilateral and multilateral channels closer together.	A number of competences regarding international organisations have been transferred in 2003 from the Ministry of Economy and Finance to the Ministry of Foreign Affairs. However, Greece still has a fragmented approach to the multilaterals. A more strategic approach would allow greater impact and stronger synergies with the bilateral programme.
Statistical reporting	Commence reporting to the DAC's Creditor Reporting System (CRS).	Hellenic Aid's new statistical reporting system enabled Greece to start reporting data to the OECD/DAC Creditor Reporting System in 2003.
Monitoring and evaluation	Put monitoring and evaluation systems in place rapidly.	A Performance Monitoring System has been set up by Hellenic Aid. It should be complemented by an output-based approach which requires establishing an independent evaluation unit.
Policy coherence for development	Make a high-level commitment to policy coherence for poverty reduction as a government-wide objective and adapt existing structures to foster more systematic addressing of policy coherence issues.	Greece recognises the importance of policy coherence for development and has developed efficient joined-up approaches to address a number of issues such as migration and human trafficking. It should endorse policy coherence for development as a government objective and to adjust existing structures to foster more systematic attention to policy coherence issues.
Political and public support	Increase efforts to inform parliamentarians and the public of results achieved and the development impact of activities funded by the official Greek aid programme.	Greece has taken important steps to address the issue of public awareness and to strengthen political and public support to development assistance, including through enhanced reliance on media and use of new information technologies.

Annex B

OECD/DAC Standard Suite of Tables

Table B.1. Total financial flows

USD million at current prices and exchange rates

Greece	<i>Net disbursements</i>						
	1989-90	1994-95	2000	2001	2002	2003	2004
Total official flows	-	-	229	202	276	362	324
Official development assistance	-	-	226	202	276	362	321
Bilateral	-	-	99	83	107	228	161
Multilateral	-	-	127	119	169	134	160
Other official flows	-	-	3	-	-	-	4
Bilateral	-	-	3	-	-	-	4
Multilateral	-	-	-	-	-	-	-
Grants by NGOs (a)	-	-	-	-	6	8	17
Private flows at market terms (a)	-	-	-	-	40	33	-14
Bilateral: <i>of which</i>	-	-	-	-	40	33	-14
Direct investment	-	-	-	-	40	33	-14
Export credits	-	-	-	-	-	-	-
Multilateral	-	-	-	-	-	-	-
Total flows	-	-	229	202	322	403	328
<i>for reference:</i>							
ODA (at constant 2004 USD million)	-	-	348	312	390	413	321
ODA (as a % of GNI)	-	-	0.20	0.17	0.21	0.21	0.16
Total flows (as a % of GNI) (a)	-	-	0.20	0.17	0.24	0.23	0.16

a. To countries eligible for ODA.

ODA net disbursements
At constant 2004 prices and exchange rates and as a share of GNI

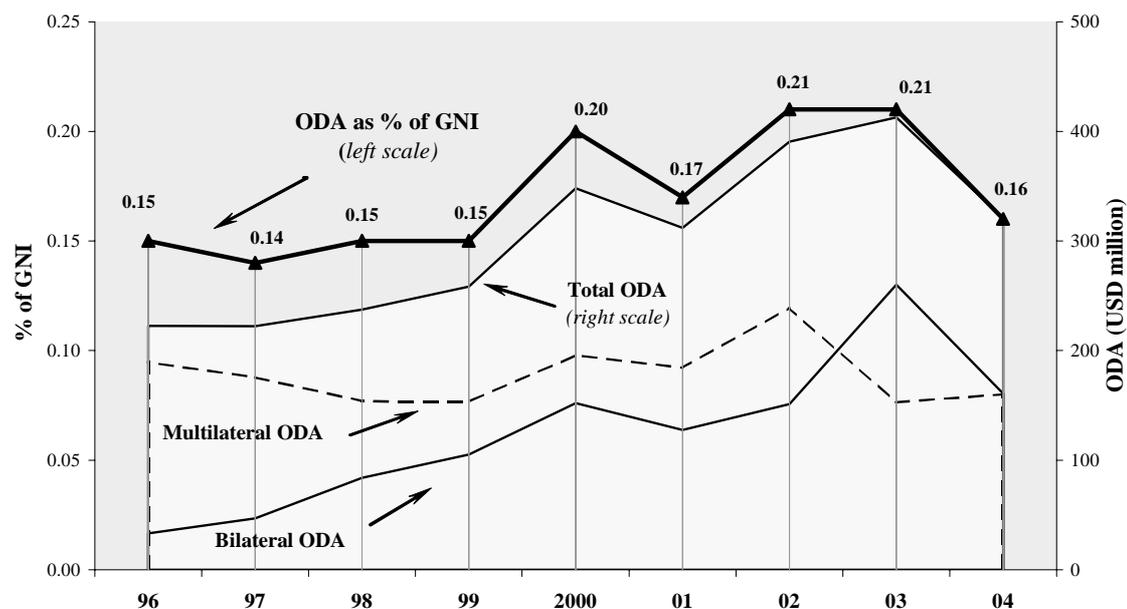


Table B.2. ODA by main categories

Greece	Constant 2004 USD million					Per cent share of gross disbursements					Total DAC 2004%
	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004	
	<i>Disbursements</i>										
Gross Bilateral ODA	152	128	151	260	161	44	41	39	63	50	72
<i>Grants</i>	<i>150</i>	<i>126</i>	<i>151</i>	<i>260</i>	<i>161</i>	<i>43</i>	<i>40</i>	<i>39</i>	<i>63</i>	<i>50</i>	<i>62</i>
Project and programme aid	32	20	15	9	27	9	6	4	2	8	16
Technical co-operation	34	25	31	133	53	10	8	8	32	16	20
Developmental food aid	-	-	-	-	0	-	-	-	-	0	1
Emergency and distress relief	12	6	9	12	13	3	2	2	3	4	8
Action relating to debt	-	-	-	-	-	-	-	-	-	-	8
Administrative costs	0	-	4	18	17	0	-	1	4	5	4
Other grants	72	75	93	88	51	21	24	24	21	16	5
<i>Non-grant bilateral ODA</i>	<i>2</i>	<i>2</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>10</i>
New development lending	2	2	-	-	-	1	1	-	-	-	8
Debt rescheduling	-	-	-	-	-	-	-	-	-	-	1
Acquisition of equity and other	-	-	-	-	-	-	-	-	-	-	1
Gross Multilateral ODA	196	184	239	153	160	56	59	61	37	50	28
UN agencies	25	9	31	8	7	7	3	8	2	2	6
EC	150	145	177	132	144	43	47	45	32	45	10
World Bank group	5	9	10	5	4	1	3	2	1	1	7
Regional development banks (a)	6	9	14	-	-	2	3	4	-	-	2
Other multilateral	10	13	8	8	5	3	4	2	2	1	3
Total gross ODA	348	312	390	413	321	100	100	100	100	100	100
Repayments and debt cancellation	-	-	-	-	-	-	-	-	-	-	-
Total net ODA	348	312	390	413	321	-	-	-	-	-	-
<i>For reference:</i>											
Associated financing (b)	-	-	-	-	-	-	-	-	-	-	-
<i>ODA to and channelled through NGOs</i>											
- In USD million	2	13	9	29	13	-	-	-	-	-	-
- In percentage of total net ODA	1	4	2	7	4	-	-	-	-	-	-
- Median DAC percentage of total net ODA	-	8	8	8	8	-	-	-	-	-	-

a Excluding EBRD.

b. ODA grants and loans in associated financing packages.

Contributions to UN Agencies (2004)

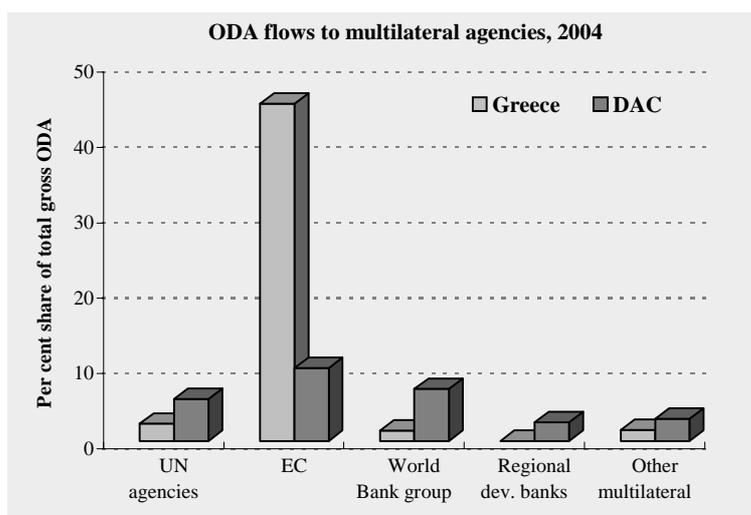
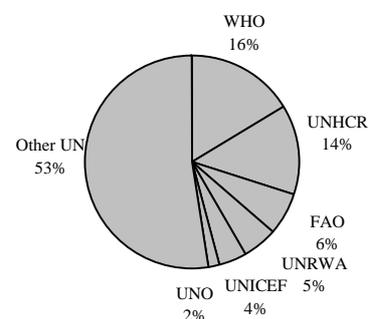
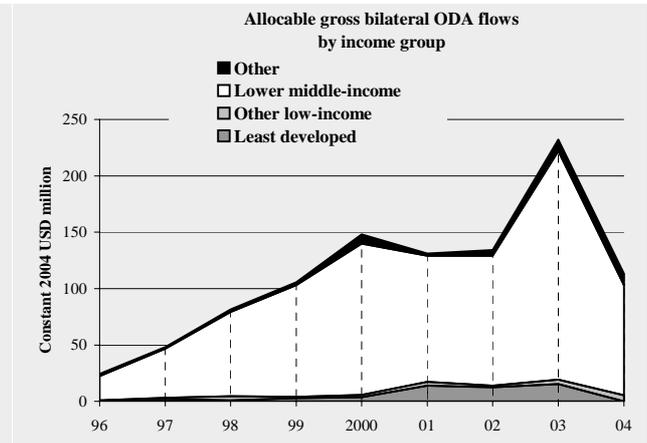
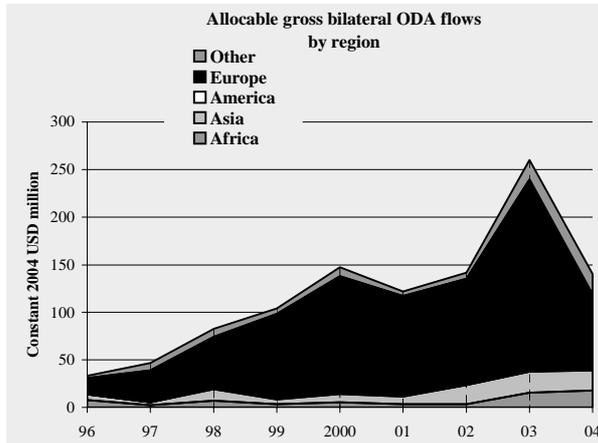


Table B.3. Bilateral ODA allocable by region and income group

Greece	Constant 2004 USD million					Per cent share					Total DAC
	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004	2004%
	<i>Gross disbursements</i>										
Africa	5	3	3	16	18	4	3	2	6	13	41
Sub-Saharan Africa	3	2	2	3	8	2	2	1	1	6	34
North Africa	2	1	1	5	2	1	1	1	2	1	5
Asia	9	8	20	22	21	6	7	14	8	15	29
South and Central Asia	9	8	20	21	18	6	6	14	8	13	13
Far East	0	0	0	1	1	0	0	0	0	0	16
America	1	1	0	1	1	0	1	0	0	0	13
North and Central America	0	0	0	0	0	0	0	0	0	0	6
South America	0	0	0	0	0	0	0	0	0	0	7
Middle East	9	5	6	21	21	6	4	4	8	15	11
Oceania	-	-	-	-	0	-	-	-	-	0	2
Europe	123	105	112	201	80	84	86	79	77	57	4
Total bilateral allocable by region	147	122	142	260	140	100	100	100	100	100	100
Least developed	3	4	14	12	15	2	3	10	5	12	34
Other low-income	2	3	2	4	5	1	3	1	2	4	19
Lower middle-income	134	112	115	203	98	91	92	85	89	76	42
Upper middle-income	8	2	5	10	10	5	2	4	4	8	5
More advanced developing countries	0	0	0	-	-	0	0	0	-	-	0
Total bilateral allocable by income	147	121	136	229	128	100	100	100	100	100	100
<i>For reference:</i>											
<i>Total bilateral</i>	152	128	151	260	161	100	100	100	100	100	100
<i>of which: Unallocated by region</i>	5	6	10	-	20	3	4	6	-	13	18
<i>of which: Unallocated by income</i>	5	7	15	31	32	3	5	10	12	20	24



1. Each region includes regional amounts which cannot be allocated by sub-region. The sum of the sub-regional amounts may therefore fall short of the regional total.

Table B.4. Main recipients of bilateral ODA

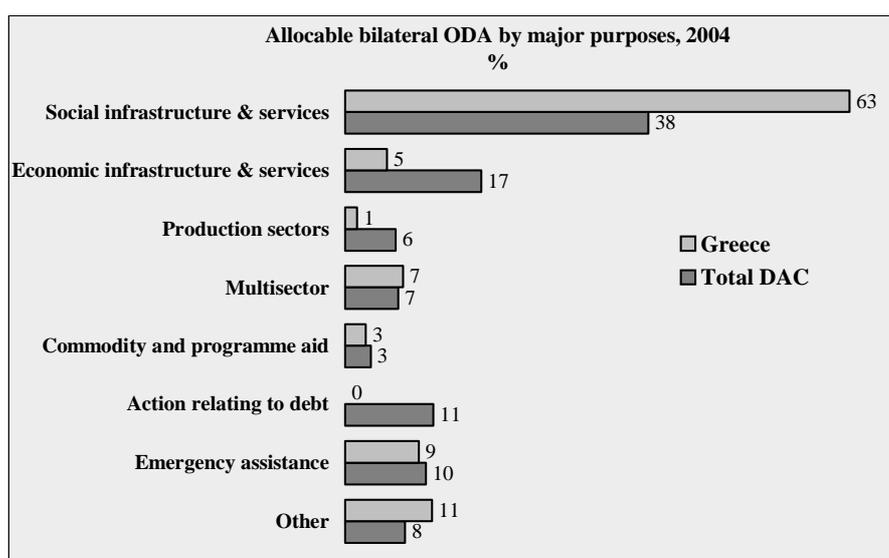
Greece	1999-2000			2004			Memo: DAC countries' median
	Current USD million	Constant 2004 USD mn.	Per cent share	Current USD million	Constant 2004 USD mn.	Per cent share	
Serbia & Montenegro	44	65	51	29	29	22	Memo: DAC countries' median 41
Albania	21	29	24	19	19	15	
Bosnia and Herzegovina	4	6	5	12	12	10	
Palestinian Adm. Areas	3	4	3	10	10	7	
Armenia	3	4	3	7	7	6	
Top 5 recipients	75	108	86	77	77	60	
Macedonia/FYROM	2	2	2	6	6	5	
Lebanon	1	2	2	6	6	5	
Turkey	1	2	2	6	6	4	
Georgia	1	2	1	5	5	4	
Egypt	1	1	1	3	3	2	
Top 10 recipients	81	118	94	102	102	80	
Serbia Ex-Yugoslavia unsp.	1	1	1	3	3	2	Memo: DAC countries' median 60
Ethiopia	1	1	1	2	2	2	
Moldova	0	1	0	2	2	2	
Syria	0	0	0	2	2	2	
Tunisia	0	0	0	2	2	1	
Top 15 recipients	84	121	96	114	114	88	
Uzbekistan	0	0	0	2	2	1	
Mauritius	0	0	0	1	1	1	
Iran	0	0	0	1	1	1	
Jordan	0	0	0	1	1	1	
Morocco	0	0	0	1	1	1	
Top 20 recipients	85	122	97	119	119	93	
Total (70 recipients)	87	126	100	128	128	100	
Unallocated	2	3		32	32		
Total bilateral gross	89	129		161	161		
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Table B.5. Bilateral ODA by major purposes

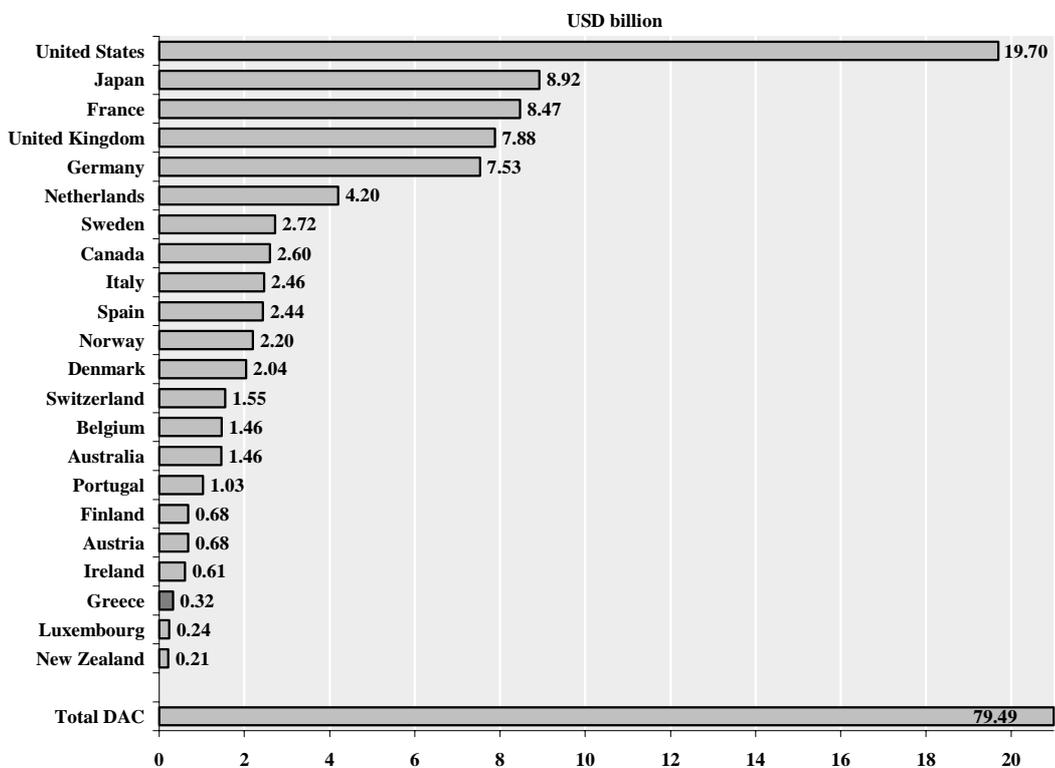
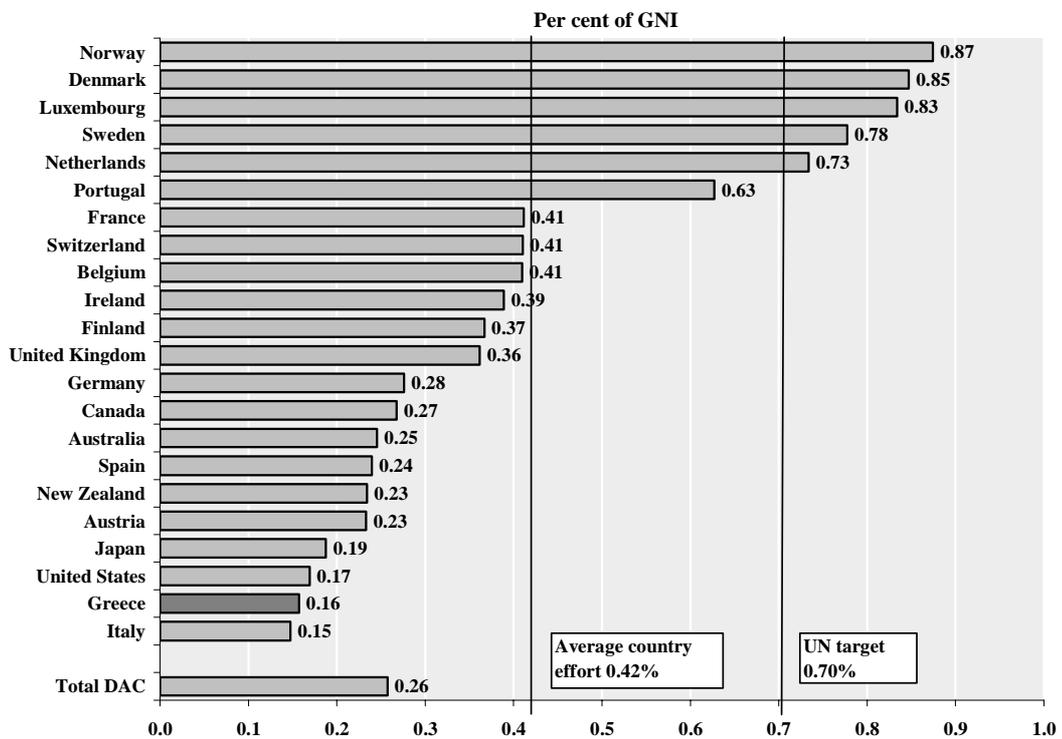
at current prices and exchange rates

Gross disbursements - Two-year averages

Greece	1994-95		1999-2000		2004		2004 Total DAC per cent
	USD million	Per cent	USD million	Per cent	USD million	Per cent	
Social infrastructure & services	-	-	59	66	101	63	38
Education	-	-	5	6	21	13	9
of which: basic education	-	-	0	0	0	0	3
Health	-	-	4	4	21	13	5
of which: basic health	-	-	2	2	18	11	3
Population & reproductive health	-	-	-	-	1	0	3
Water supply & sanitation	-	-	0	0	1	1	4
Government & civil society	-	-	46	52	47	29	13
Other social infrastructure & services	-	-	3	4	11	7	4
Economic infrastructure & services	-	-	3	3	8	5	17
Transport & storage	-	-	0	0	7	4	5
Communications	-	-	2	2	1	1	1
Energy	-	-	-	-	0	0	8
Banking & financial services	-	-	0	1	-	-	1
Business & other services	-	-	0	0	1	0	2
Production sectors	-	-	3	4	2	1	6
Agriculture, forestry & fishing	-	-	1	1	1	1	3
Industry, mining & construction	-	-	1	1	-	-	2
Trade & tourism	-	-	1	1	1	1	0
Other	-	-	-	-	-	-	0
Multisector	-	-	2	3	12	7	7
Commodity and programme aid	-	-	10	11	4	3	3
Action relating to debt	-	-	-	-	-	-	11
Emergency assistance & reconstruction	-	-	11	13	15	9	10
Administrative costs of donors	-	-	0	1	17	11	5
Core support to NGOs	-	-	-	-	0	0	2
Total bilateral allocable	-	-	89	100	160	100	100
<i>For reference:</i>							
Total bilateral	-	-	89	42	161	50	75
of which: Unallocated	-	-	0	0	0	0	2
Total multilateral	-	-	121	58	160	50	25
Total ODA	-	-	210	100	321	100	100



Graph B.1. Net ODA from DAC countries in 2004



Annex C

The role of Greece in Humanitarian Assistance

Humanitarian policies and principles

Humanitarian assistance is given a high priority within the Greek international development co-operation programme, which itself is seen by the Greek government as being an important dimension of foreign policy. The rapid and substantial tsunami response in Sri Lanka and the Maldives which resulted in Greece being characterised as a “global humanitarian power” by Kofi Annan, illustrated the government’s commitment to humanitarian response “in every part of the world in need”. The use of its presidency during the Greek 2005 and 2006 non-permanent membership of the UN Security Council, to draw attention to humanitarian issues, also underlines the priority Greece attaches to humanitarian action, which the government sees as reflecting the character, experience and values of the Greek people.

There is no single document which sets out the policies and principles which govern Greek humanitarian assistance, but humanitarian action is covered within the second five-year programme approved in 2002 by the Interministerial Committee (EOSDOS). Annual planning takes place within this framework, with Hellenic Aid issuing calls for proposals for its emergency, humanitarian and food aid programmes. This identifies the countries, sectoral priorities and procedures which should guide implementing organisations .

The aim of Greek humanitarian programmes is to provide relief to victims of all kinds of humanitarian crisis and, as a consequence, to help stabilise the economy and social state of affairs and to facilitate transition to rehabilitation and development. Greece has the specific objective to ensure that all emergency humanitarian aid reaches its final recipients.

Greece endorsed the Good Humanitarian Donorship (GHD) principles at the Humanitarian Aid Committee in Vienna.

While Greece does not have a humanitarian strategy as such, the GHD principles, which cover respect for international humanitarian law and standards, are incorporated into the Ministry of Foreign Affairs Web site and are specifically referred to in humanitarian information sent to all potential partners by Hellenic Aid. Explicitly referring to these guiding principles should be particularly relevant with respect to the involvement of beneficiaries, the link between relief and development, and the primary position of civilian organisations in implementing humanitarian action. For instance, in order to provide humanitarian assistance in ways that are supportive of recovery and long-term development, the Director General of Hellenic Aid presides over a committee which meets monthly or on *ad hoc* basis in case of crisis to discuss linking relief and development. At a working level links between relief and development are part of the daily engagement between Hellenic Aid directorates – especially YDAS 1 (The Directorate for Emergency Humanitarian Aid and Food Aid) and YDAS 2 (which covers rehabilitation and development) – helped by physical proximity and interchange of staff. With respect to civil/military relations, it is clear that Hellenic Aid has the decision-making role on the engagement of the military in humanitarian assistance. The role of the Ministry of Defence in

the delivery of Greek assistance has declined substantially from an average of more than 50% being delivered by the Ministry of Defence over 2000 to 2002, to 31% in 2003, down to 12.8% in 2004. This reflects the reduced needs in neighbouring countries. It also underlines the importance of investment in the capacity of other channels to absorb and effectively implement Greek assistance.

Greek humanitarian assistance integrates governmental action with the public response, both through its mobilisation of giving by the public and in its management, under normal public expenditure procedures, of money raised in voluntary contributions from the public. Linked to the need to maintain public and political support is a wish to show demonstrable impact and a Greek emphasis on tracing their humanitarian contributions through to delivery. For instance, two staff from Hellenic Aid literally followed the supply of relief to Sri Lanka from Greek ports through to actual delivery on the ground. As the aid programme grows, this type of direct, hands-on monitoring may not be feasible. Similarly, as more funds are channelled through multilateral agencies in line with EOSDOS policy, Hellenic Aid will be faced with the challenge of maintaining public accountability and support but with a less hands-on style.

Organisation and management: role and location of the humanitarian department

Political decisions on whether and how to respond to humanitarian crises are taken by the Interministerial Committee EOSDOS, chaired by the Ministry of Foreign Affairs, in communication with Greek diplomatic missions.

Greek humanitarian assistance is managed by Hellenic Aid within the Ministry of Foreign Affairs, under the authority of the Deputy Minister for Development Co-operation. Hellenic Aid is responsible for the mobilisation and co-ordination of involvement of a wide range of other actors within and outside government to implement the humanitarian response. Within Hellenic Aid, principal responsibility for humanitarian assistance rests with YDAS 1, in close collaboration with YDAS 2.

A flexible budget envelope for humanitarian assistance is determined by the Ministry of Foreign Affairs to provide for both expected and unforeseen need. This budget covers not only the activities of Hellenic Aid, but also the humanitarian actions undertaken by other government departments.

Greek humanitarian assistance is structured under two pillars: emergency humanitarian and food programmes and emergency distress relief activities. Both of these pillars are managed by YDAS 1, under the same budget process and within the Ministry of Foreign Affairs. Emergency distress activities more often involve the provision of gifts in kind, the mobilisation of Greek civil society and the provision of support, personnel and other resources from other ministries, particularly Defence and the Ministries of Health and Civil Protection. Emergency Humanitarian and Food Aid Programmes can be more protracted and address multi-year crises. The procedures for NGO proposals also differ slightly between emergency distress relief activities and emergency humanitarian and food aid programmes. Under emergency distress relief activities there are expedited procedures for NGO proposals which can be submitted at any time and which go to the Committee for Certification and Evaluation of NGOs under an emergency procedure before funding approval.

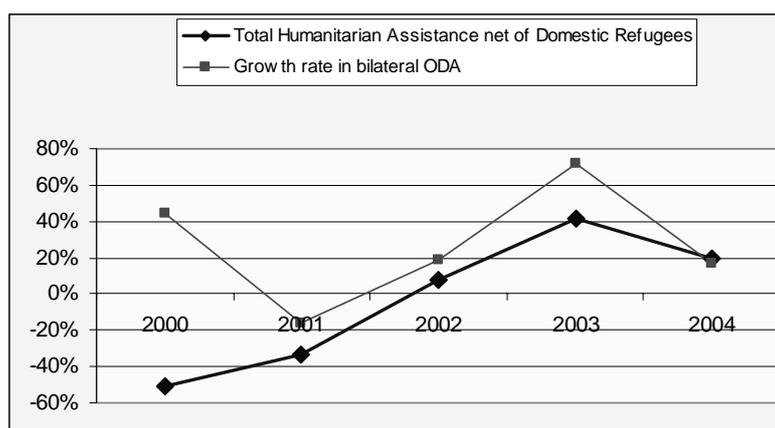
Table C.2 Greek humanitarian assistance: characteristics of its two pillars

Emergency humanitarian and food programmes	Emergency distress relief activities
Crisis evolving, often multi-year crises arising from conflicts and civil wars	Need for urgent, quick assistance in natural or man-made disasters
Implemented in co-operation with NGOs and IOs and Red Cross with capacity and experience	In co-operation with Greek diplomatic missions, Ministries of Foreign Affairs, Defence, Interior, Health and Agriculture; the National Centre for Emergency Assistance, and the relief brigades as well as NGOs.
Emergency assistance supplies: food, water, blankets, medical treatment, transport, camp administration,	Distress relief provision as needed as well as emergency assistance supplies
Assistance to refugees and for repatriation	
Short-term reconstruction and basic infrastructure, economic and social stabilisation, enabling transition relief to development	
Conflict prevention and consolidating stability	
Project proposals must be for six-month tranches, but may be extended on a case-by-case basis into medium-term rehabilitation programmes	Six-month limit on activities
Funding provided up to 100% of project costs in two instalments (80%-20% and 60%-40%)	Funding may be provided up to 100% of project costs
	Expedited procedures for NGOs
Proposals may be submitted at any time	Proposals may be submitted at any time

Volume and distribution²⁶

The volume of bilateral humanitarian assistance has been on an upward path over the last five years, but its increase has failed to keep pace with bilateral ODA as a whole. Between 2001 and 2004 bilateral emergency aid from Greece more than doubled in real terms, from USD 6.4 million in 2001 to USD 13.1 million in 2004 (2004 prices). However, these sums are well short of the USD 20 million that was spent on emergency aid in 1999, funding which went overwhelmingly to the Balkans (Albania alone received USD 11 million, Bosnia-Herzegovina USD 2.3 million and Serbia USD 5 million).

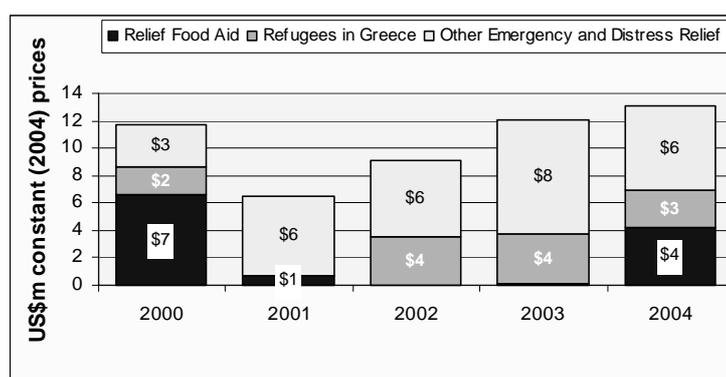
Figure C.1 Annual growth rates in humanitarian assistance and bilateral ODA 2000-04



26. At the time of writing the final figures for 2005 were not available.

These data include spending on refugees in the donor country. Excluding this category, bilateral humanitarian assistance shows a more modest increase but a steady upward path from USD 6.45m in 2001 to USD 11.8m in 2004 – 82% in real terms over the four years. Assuming continuing humanitarian need, the government anticipates that humanitarian assistance will at least maintain the priority it receives within a growing aid programme.

Figure C.2. Greek bilateral humanitarian assistance 2000-04



Greek spending on refugees in the donor country has been falling as a share of bilateral emergency and distress relief since 2002 – dropping from 29% in 2002 to 21% in 2004. In volume terms spending in 2004 was also less than in the two previous years. The share of bilateral ODA spent on humanitarian assistance (net of refugees in the donor country) has been falling since 1999 and is now just under 4%. As a share of total ODA it has been increasing slightly for the past three years but is relatively low compared with other donors.

Distribution

Bilateral humanitarian assistance from Greece went to 25 countries in 2004. However, around 70% went to nine countries. In both 2003 and 2004, around half of bilateral humanitarian assistance went to Europe, the states of former Yugoslavia and to Iraq. Regionally, Europe and the Middle East dominate the picture, reflecting Greek engagement in humanitarian assistance and conflict resolution on its doorstep and its comparative advantages in the Middle East based on broader foreign policy.

Table C.2. Top recipients of Greek humanitarian assistance 2003 and 2004 in USD million

	Volume 2003	Share 2003	Volume 2004	Share 2004
Europe (unspec.)	3.62	30%		
Ex-Yugo.States (unspec.)			3.36	26%
Iraq	3.87	32%	2.67	20%
Afghanistan			0.92	7%
Eritrea			0.75	6%
Iran	0.51	4%	0.63	5%
Albania			0.49	4%
Georgia	0.50	4%	0.48	4%
Sudan	0.32	3%	0.45	3%
Ethiopia			0.44	3%
Somalia			0.44	3%
Turkey	0.64	5%	0.44	3%
Jordan	1.09	9%	0.37	3%
Other named countries	1.51	13%	1.33	10%

It is notable that African countries were receiving larger shares of Greek humanitarian assistance in 2004. Sudan was the only African country to receive more than 2% of Greek humanitarian assistance in 2003. In 2004, four African countries were above that threshold and between them received 15% of the bilateral spending on humanitarian assistance. This is in line with the stated policy of Hellenic Aid of moving outwards from its traditional areas of operation towards both Asia and Africa. Sri Lanka, Thailand, the Philippines and Bangladesh were all recipients of Greek humanitarian assistance in 2004, albeit at modest levels.

Greece has used its humanitarian capacity and interventions in Sri Lanka and Somalia as building blocks for more substantive and longer-term programmes. Sri Lanka was one of the countries which had been identified by Hellenic Aid as a possible priority country for longer-term assistance in Asia. As a result of its substantial engagement following the tsunami, Greece has now built on its humanitarian work to make Sri Lanka one of around 20 priority countries for ongoing support. The establishment of a Hellenic Aid field office in Colombo and the participation by Greece in the Sri Lankan Reconstruction Plan are important new developments. This is the first time that Greece has participated in such an operation and it is being seen as a pilot for other similar programmes.

Gifts in kind

A substantial amount of Greek humanitarian assistance is gifts in kind, ranging from the provision of transport by the Ministry of Defence (in the form of C 130s) and by the Hellenic Navy (ships); medical equipment and supplies; humanitarian relief in the form of blankets, tents and other shelter. These gifts come from the government as well as the general public.

Channels and framework for implementing humanitarian assistance

Government channels

A range of government departments, in addition to Hellenic Aid and the Ministry of Foreign Affairs, contributes to the overall Greek humanitarian response: the Ministries of Defence, Health, Agriculture and the General Secretariat for Civil Protection of the Ministry of the Interior, as well as departments such as the emergency brigades and the National Centre for Emergency Assistance.

The mobilisation of a cross-government humanitarian response to a request for assistance from a country or international organisation starts with a political decision within the Inter-ministerial Committee EOSDOS, which indicates an appropriate level of intervention. Hellenic Aid then plays a co-ordinating and management role with other departments.

Following an Interministerial Committee decision to respond to a crisis, ministries such as defence and health will offer assistance, for example in the form of medical supplies, transport and trained personnel based on their training, knowledge, experience and capacity. Decisions on the appropriate deployment of these resources are made by Hellenic Aid in close dialogue and co-ordination with the other departments who will be responsible for managing implementation.

Greece – a net food importer – has responsibilities within the EU under the Food Aid Convention to provide 10 000 tons of grain or equivalent annually. Greece normally implements food aid programming in conjunction with the Ministry of Agriculture. This ministry also has its own programmes on food security, which is a shared priority with Hellenic Aid. Hellenic Aid has an Agreement on Food Aid with the WFP and also participates in the coordination meetings of the International Fund for Agricultural Development and European Commission's Humanitarian Aid Office.

Other ministries see involvement in humanitarian action as an integrated and normal part of their work. Much Greek capacity for humanitarian response is held within government departments outside the Ministry of Foreign Affairs. So the Ministry of Health has a permanent special unit for emergencies, the Health Sector Command and Coordination Centre, and the General Secretariat for Civil Protection also has a permanent international capacity. The Ministry of Defence has its own humanitarian training and seminar programme. Navy personnel are trained in procedures such as evacuation.

The government-wide response is seen as an expression of Greek solidarity, a means of ensuring rapid mobilisation and a chance to deploy expertise in an international context, something which motivates public servants and public alike. Humanitarian involvement is not perceived as a distraction from domestic priorities or something which competes for resources. However, as the demand for humanitarian intervention grows, in future ministries may perceive a competition for resources between international action and domestic priorities.

As the Greek aid programme grows and management systems necessarily become more formalised and complex, Hellenic Aid will also have to ensure that its current mechanisms for assessing the opportunity cost of different types of intervention are robust and transparently reflect its humanitarian policy framework.

The role of embassies

Although Hellenic Aid is not a decentralised organisation, Greek embassies have a significant and increasing humanitarian role. For a modestly sized country, Greece has an extensive overseas presence, including 82 embassies and a number of consulates. Embassies (and Greek communities abroad) help to draw attention to opportunities for Greek involvement. Embassies increasingly have acting Development Officers who can undertake humanitarian roles, assisted by personnel dispatched by Hellenic Aid as appropriate. They also have a role in improving co-ordination with local authorities.

Greece has reported that it anticipates greater embassy involvement in the future and the appointment of more Development Officers – a move that will be welcomed by NGOs. Embassies play a significant role in monitoring implementation.

NGOs and humanitarian action

Four hundred NGOs are registered with Hellenic Aid but only a small number of them have humanitarian capacity. Hellenic Aid will only fund Greek-registered NGOs and it requires NGOs to have a local partner in affected countries – either a credible local NGO or a local municipal authority. It is estimated by Hellenic Aid that YDAS 1 receives between 60 and 100 proposals a year for humanitarian action. Some of these will be for emergency distress relief activities, as well as for emergency humanitarian and food aid programmes which are more protracted. Proposals under this pillar are assessed by the Committee for Certification and Evaluation of NGOs which comprises ministry staff, a legal advisor and external experts.

NGOs perceive improvements in communication from Hellenic Aid on its priorities – for example through Hellenic Aid’s Web-based information and “yellow book” on procedures – which makes it easier for NGOs to respond. But since Greece is a relatively young donor, there remains work to do in systematising procedures and ensuing transparency – especially to ensure that YDAS is able to cope with an increased flow of resources. This fits with Hellenic Aid’s plans for more systematic cooperation with NGOs and a stronger focus on effectiveness and transparency.

Reporting and auditing requirements are seen as onerous by NGOs. With an expanding programme, Hellenic Aid should be careful to avoid unsustainable reporting requirements for NGOs.

YDAS will not currently fund capacity development and training. NGOs would like to see joint NGO-Hellenic Aid training. There is a consensus between Hellenic Aid and NGOs that a scaled-up response must not simply mean a proliferation of small interventions.

Multilateral agencies

In 2004 Greece provided humanitarian assistance through earmarked contributions to UN agencies and international organisations in at least 13 emergencies involving the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), the World Food Programme (WFP), the International Committee of the Red Cross, UNICEF, the United Nations High Commissioner for Refugees (UNHCR) and the Food and Agriculture Organization.

At the level of EOSDOS there is a clear intent to expand expenditure through multilateral agencies. However, given the perceived need to maintain the visibility of Greek action, the policy is to work through smaller agencies and earmarked funding, hence the “multilateral direct” understanding with the WFP whereby Greek funding is earmarked for specific countries. This expansion of multilateral spending is a necessary corollary of an expanding humanitarian programme.

Policy coherence and co-ordination

One way to ensure coherence and co-ordination of humanitarian assistance is to work with OCHA, both in financing the Consolidated Appeals and in reporting humanitarian assistance spending to the OCHA Financial Tracking System (FTS) so that it can be taken into account in the allocation of overall humanitarian assistance flows. Greece has been increasing the amount reported to the FTS. In 2004, it reported USD 1.8 million of humanitarian assistance to the FTS. In 2005 it reported over USD 35 million, of which over USD 30 million was in response to the tsunami. In September 2006, USD 4.4 million had been reported to date for the year.²⁷

In 2004, just USD 140 000 was spent on projects which were inside the Consolidated Appeals Process (CAP) – in other words on the agreed priorities. In 2005, over USD 13 million was spent inside the CAP appeal and five CAPs were supported: Guatemala (USD 48 000); the tsunami (USD 11 million); Niger (USD 48 000); Somalia (USD 1.3 million); and the South Asia earthquake (USD 604 000).

Greece gives examples of co-ordination with other donors and other agencies in humanitarian situations – for example with UNHCR, Sweden and IOM in the Lebanon; and with Norway, Italy and OCHA in Sri Lanka. But it is not clear whether this co-ordination is systematised or whether it depends on the initiative of individuals. However Greece has said it intends to make greater use of UN needs assessments. It is also a contributor to the Multi Donor Trust Fund in Sudan. Greece is likely to be under increased pressure to ensure that it co-ordinates its assistance fully through established mechanisms, including the EU.

27. Funds reported to the FTS may include both official and voluntary contributions.

The National Action Plan on illegal trafficking demands a coherent response across government. Within the legislative framework, YDAS 1 has responsibility for co-ordinating the task force on illegal trafficking and human security network issues. This work is done in co-operation with nine other ministries with relevant competencies, twelve NGOs and the IOM (Chapter 4).

It appears clear to all parties that the use of military assets in humanitarian response has to be under the political decision-making authority of Hellenic Aid and to be justified on grounds of cost-effectiveness.

Public and political engagement and mobilisation

Greece places a very strong emphasis on public engagement with its humanitarian assistance. It sees a direct link between strong public support for Greek humanitarian action – for example in the Balkans and the rapid response to the tsunami – and the longer-term need to maintain support for a growing Greek aid programme. The government is proactive in its efforts to broaden support, using events, publications and the personal involvement of the Deputy Minister and Secretary General for Development Cooperation to help mobilise the public. The government sees the need to deepen commitment – to ensure that the public is behind not just short-term crisis response but also longer-term support for protracted situations. Both NGOs and government agree that it is important to maintain good visibility because this will feed through into public commitment.

The role of Hellenic Aid spans both mobilising and co-ordinating the involvement of civil society and the private sector in response to disasters – trying to ensure that public response is appropriate to assessed need. The engagement of the public has a perceptible influence on where and how Greek humanitarian assistance is spent. The early concentration of Greek ODA and humanitarian assistance in the Balkans was in part a reflection of public sentiment given the proximity and history of the region. The special role of Greece in the Middle East and the wish to be present quickly in all crises are also seen as reflecting the Greek national sentiment, independence and global presence. The Greek diaspora also plays a clear role in highlighting needs to which the country should respond.

The proactive role of the government in successfully mobilising private voluntary contributions to the tsunami via a special account under the control of the state auditors and managed by Hellenic Aid is a very rare example of the public handing money to a government department. While these funds must be reported as private flows, the Greek government has argued that these funds, generated by government action and spent under government authority, should be seen as just as much part of the national contribution towards ODA and the UN 0.7% target.

Promoting learning and evaluation

Whilst Greece has a commitment to rigorous monitoring, it recognises a need to invest more in its evaluation. Currently development officers in embassies undertake some evaluation, drawing on appropriate expertise where possible. At the time of writing a new head of evaluation was being appointed and there is an intention to draw on the expertise of other agencies including the EU.

Greece has accumulated substantial experience through its humanitarian involvement in the Balkans. This is translating into a body of expertise on institution-building and a belief in the importance of early institution-building. For Greece, reconstructing or rehabilitating a country after a crisis does not only involve rebuilding the physical infrastructure, but also re-establishing institutions and relationships at all levels, as well as rebuilding a sense of security, stability and cohesion.

A major Hellenic Aid seminar in February 2005 on response to crisis and disaster relief is likely to be followed up by further investment in training. Hellenic Aid also invests in the transfer of know-how through visits to other donors such as The Netherlands. Though a new donor itself, Greece is now using its experience to assist Cyprus to develop its aid programmes.

Future considerations

- The development of an explicit overall humanitarian strategy in line with the GHD principles will help to ensure that all those contributing to the growing response do so on the basis of a clear statement of policy and priorities. Such a strategy would also provide transparent guidance for assessing the opportunity costs of different interventions.
- As the scale of Greek humanitarian response grows, more formalised systems of co-ordination within government and with external actors should be considered.
- There is a case for further strengthening the capacity of embassies to contribute to humanitarian action.
- If, as expected, NGOs become more active partners in implementing Greek humanitarian assistance, there will be a need to further streamline procedures and build capacity to cope with an expanded response.
- In systematising its humanitarian management and procedures to ensure scaled-up response to assessed need, every effort must be made to preserve the flexibility and sense of engagement which currently characterise the Greek humanitarian response.

Description of Key Terms

*The following brief descriptions of the main development co-operation terms used in this publication are provided for general background information.*²⁸

ASSOCIATED FINANCING: The combination of official development assistance, whether grants or loans, with other official or private funding to form finance packages.

AVERAGE COUNTRY EFFORT: The unweighted average ODA/GNI ratio of DAC members, *i.e.* the average of the ratios themselves, not the ratio of total ODA to total GNI (cf. ODA/GNI ratio).

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

DAC LIST OF AID RECIPIENTS: The DAC uses a List of Aid Recipients which it revises every three years. From 1 January 2000, Part I of the List is presented in the following categories (the word "countries" includes territories):

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

Other LICs: Other Low-Income Countries. Includes all non-LDC countries with per capita GNI USD 745 or less in 2001 (World Bank Atlas basis).

LMICs: Lower Middle-Income Countries, *i.e.* with GNI per capita (Atlas basis) between USD 746 and USD 2 975 in 2001. LDCs which are also LMICs are only shown as LDCs – not as LMICs.

UMICs: Upper Middle-Income Countries, *i.e.* with GNI per capita (Atlas basis) between USD 2 976 and USD 9 205 in 2001.

HICs: High-Income Countries, *i.e.* with GNI per capita (Atlas basis) more than USD 9 206 in 2001.

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

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

28. For a full description of these terms, see the *Development Co-operation Report 2005*, Volume 7, No. 1.

DIRECT INVESTMENT: Investment made to acquire or add to a lasting interest in an enterprise in a country on the DAC List of Aid Recipients. In practice it is recorded as the change in the net worth of a subsidiary in a recipient country to the parent company, as shown in the books of the latter.

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

EXPORT CREDITS: Loans for the purpose of trade and which are not represented by a negotiable instrument. They may be extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees.

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

GRANT ELEMENT: Reflects the financial terms of a commitment: interest rate, maturity and grace period (interval to the first repayment of capital). It measures the concessionality of a LOAN, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The reference rate is 10% in DAC statistics. This rate was selected as a proxy for the marginal efficiency of domestic investment, *i.e.* an indication of the opportunity cost to the donor of making the funds available. Thus, the grant element is nil for a loan carrying an interest rate of 10%; it is 100% for a grant; and it lies between these two limits for a loan at less than 10% interest.

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

OFFICIAL AID (OA): Flows which meet the conditions of eligibility for inclusion in official development assistance, except that the recipients are on Part II of the DAC List of Aid Recipients.

OFFICIAL DEVELOPMENT ASSISTANCE (ODA): Grants or loans to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) and multilateral agencies active in development that are: undertaken by the official sector; with the promotion of economic development and welfare as the main objective; at concessional financial terms (if a loan, having a grant element of at least 25%).

ODA/GNI RATIO: To compare members' ODA efforts, it is useful to show them as a share of gross national income (GNI). "Total DAC" ODA/GNI is the sum of members' ODA divided by the sum of the GNI, *i.e.* the weighted ODA/GNI ratio of DAC members (cf. Average country effort).

OTHER OFFICIAL FLOWS (OOF): Developmentally relevant transactions by the official sector with countries on the DAC List of Aid Recipients which do not meet the conditions for eligibility as official development assistance or official aid.

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

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

VOLUME (real terms): The flow data are expressed in United States dollars (USD). To give a truer idea of the volume of flows over time, some data are presented in constant prices and exchange rates, with a reference year specified. This means that adjustment has been made to cover both inflation in the donor's currency between the year in question and the reference year, and changes in the exchange rate between that currency and the United States dollar over the same period.

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