

DEPUTY DIRECTOR

DEVELOPMENT CO-OPERATION DIRECTORATE

Director's Office

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To: DAC Delegates and Observers

Slovak Republic Mid-term Review, 14-16 March 2022, Bratislava – Paris

Dear Colleagues,

On behalf of the Development Assistance Committee's (DAC) Secretariat, I conducted the mid-term review of the Slovak Republic virtually, together with DCD Director Jorge Moreira da Silva and Santhosh Persaud. We would like to thank State Secretary Ingrid Brocková and Director General Lucia Kišš of the Ministry of Foreign and European Affairs (MFEA), and senior officials and staff from ministries, the Slovak Agency for International Development Co-operation (SAIDC) and Eximbanka for the very constructive meetings and close co-operation in the review. We also had rich discussions with the Vice-chairman of the National Council's (Parliament) Foreign Affairs Committee, representatives of civil society organisations (CSOs) and the United Nations Development Programme (UNDP) Istanbul Regional Hub.

The mid-term review came at a particularly challenging moment for the Slovak Republic and its development co-operation due to Russia's large-scale aggression against Ukraine and the subsequent flight of many people to safety in neighbouring countries, including the Slovak Republic. We expressed our sincere appreciation for the significant support efforts by all stakeholders in the Slovak Republic.

The mid-term review focused on the implementation of the recommendations of the OECD DAC 2019 peer review in the context of developments that have taken place since. Shortly after the peer review, the Slovak Republic adopted a new [medium-term strategy for development co-operation 2019-2023](#) that recently underwent a mid-term evaluation. It continued internal reform efforts and both SAIDC and Eximbanka are now pillar assessed institutions under the updated EU framework, and SAIDC has started implementing an EU programme in Moldova. In early 2022, SlovakAid and USAID also renewed their partnership to promote the joint implementation of projects.

We were pleased to note that the Slovak Republic has ensured regular follow-up to the peer review, notably by including reform objectives in its medium-term strategy as well as preparing regular government and civil society progress reports against the recommendations. It has taken steps to address all of the 13 recommendations the DAC made in 2019, and in particular those related to:

- Strengthening the strategic focus of its co-operation
- Identifying priority countries for its bilateral co-operation and adopting country strategies
- Developing guidance on cross-cutting issues
- Increasing links between foreign policy and development co-operation in the field of peace and security.

A clearer focus the development co-operation programme

The Slovak Republic is taking action to reduce geographic and thematic fragmentation, in follow-up to the peer review and mid-term evaluation of its strategy. It is focusing on 14 out of the current 24 partner countries, aims to step up efforts in its three bilateral programme countries Georgia, Kenya and Moldova and to shift towards longer-

term, and more sizeable projects. New country strategies identify a limited number of intervention areas, which in turn guide calls for proposals. Considering the small bilateral portfolio (with an annual average of USD 31 million from 2017-20, constant 2019 prices), we welcomed these efforts and encouraged the Slovak Republic to clearly set out the concentration on areas of strengths and expertise in the next medium-term strategy. In identifying these areas, it can also usefully draw on its experiences from partnerships with other donors that are allowing it to smartly pool and leverage resources. As none of the current partner countries is a least developed country (LDC), the Slovak Republic intends to lead a reflection with Slovak stakeholders on how to step up support for LDCs, which should be guided by similar considerations as to how the Slovak Republic can best add value.

New cross-cutting guidance and a focus on marginalised regions are helping to steer co-operation efforts.

We welcomed the development of guidance on the Slovak cross-cutting priorities of gender equality and environment in collaboration with UNDP, and their integration into programming through training and requirements for project proposals. While there is no explicit guidance, the Slovak Republic has taken positive steps to apply a poverty and inequality lens in its programming by specifically focusing on marginalised regions in its partner countries. As it is testing this approach, we encouraged the Slovak Republic to draw lessons and exchange with other DAC members on their experiences, including in the DAC Community of Practice on Poverty and Inequalities.

The EU and UNDP remain key multilateral partners. The contributions to the European Union constituted 88% of multilateral ODA, and 65% of total ODA in 2020. UNDP has been a long-standing partner for delivery of the co-operation programme, notably regarding private sector engagement. The Slovak Republic has finalised a reflection on priorities and added value of its compulsory and voluntary contributions to multilateral organisations. Voluntary contributions are generally very small and earmarked. We also heard about plans to deepen partnerships with some organisations. We encouraged the Slovak Republic to explore synergies (or clear complementarity) with its increasing thematic and geographic bilateral focus, and where feasible, use soft earmarking.

Further efforts needed to increase ODA volume

Progress in ODA growth has stalled despite an explicit plan. In its 2019-23 medium-term strategy, the Slovak Republic had adopted an informal road map for ODA increases to reach the target 0.33% of GNI in 2030. In 2020, the incoming government's programme statement included a commitment to increase in particular bilateral ODA. The MFEA is also confident of Slovak capacity to implement greater funds. Nonetheless, the ratio of ODA to GNI has not increased substantially and stood at 0.14% of GNI in 2020 (USD 135 million). While this was an increase compared to 2019, this was due to a large one-off debt relief operation, and preliminary figures for 2021 put ODA/GNI again at only 0.13%.

We strongly encouraged the Slovak Republic to maintain its ODA ambition and redouble its efforts. This would require a concerted cross-government effort to agree a substantial ODA increase over the coming years. Reinforcing political and public support for development co-operation, including in government and parliament, will be important in this regard, together with CSO partners. The massive engagement and solidarity of Slovak stakeholders in the current crisis can help illustrate to the wider public that the Slovak Republic is in fact a provider of development assistance, and demonstrate how its support to partner countries and multilateral engagement make a difference. Celebrating 20 years of SlovakAid and 10 years of DAC membership in 2023 will provide important opportunities to showcase how development co-operation aligns with Slovak values and strategic interests and to take action for lasting ODA increases.

Progress and room for further improvement on a cross-government approach

New mechanisms support cross-government co-ordination and engagement but room for improvement exists. Development co-operation efforts by different ministries are reflected in an annual ODA plan as well as in an annual report on ODA. An Agenda 2030 Council has been given a mandate for policy coherence for sustainable development, and two new inter-ministerial working groups of the Coordination Committee for Development Co-operation are co-ordinating on humanitarian assistance as well as concessional loans. Legislative changes in 2019 made it easier for other ministries to engage in peer to peer knowledge exchange with partner countries with a possibility to commission SAIDC for project implementation. However, limited growth in ODA resources has meant the co-operation engagement of ministries has remained limited despite the ambition expressed in the medium-term strategy. The current crisis could generate momentum for greater cross-government engagement. We

encouraged the Slovak government to continue strengthening the collaboration across ministries, making full use of informal and formal co-ordination as well as instruments to mobilise the expertise and resources of technical ministries for sustainable development globally.

The Slovak Republic is linking foreign policy and development co-operation in its response to fragility. For instance, its 2019 Chairmanship of the Organization for Security and Co-operation in Europe (OSCE) focused on conflict prevention. Through diplomacy, it supports security sector governance and reform and gender equality in military, while bilateral co-operation and notably small but visible micro-grants formulated at Embassy level support local actors in contributing to peaceful coexistence and dialogue events between communities. Peace and security is also a priority for the Slovak Republic's voluntary multilateral contributions. We encouraged the government to feed lessons from the current cross-governmental crisis response into its efforts to advance the humanitarian-development-peace nexus, including by progressing the new humanitarian assistance strategy and considering how humanitarian assistance can foster resilience to future shocks.

Efforts to improve civil society and private sector partnerships

The Slovak Republic is taking steps towards more quality CSO financing in line with the 2021 DAC recommendation on enabling civil society. It provides the vast majority of CSO support as project financing (in 2019, 1% of bilateral ODA to CSOs compared to 24.7% through CSOs). We were therefore pleased to learn that the government recently launched a pilot call for a strategic partnership with CSOs in Kenya (postponed in 2020 due to COVID-19), with a more sizeable envelope (EUR 1 million) for five years and encouraged plans to expand this model to other programme countries. We also welcomed that SAIDC has improved information for applicants on calls for proposals and transparency around the selection of awarded projects. Moreover, to direct financial resources to partner country CSOs, the Slovak Republic uses a significant number of micro-grants managed by embassies as well as larger financial contributions, and requires Slovak CSOs to partner with local CSOs. We stressed that reliable and flexible funding is critical for CSOs to maintain strong implementation capacity, respond to crises, and play their role as independent development actors. We therefore encouraged continued dialogue with civil society organisations on the evolution of funding modalities and requirements for project submissions and reporting.

Significant efforts to mobilise the Slovak private sector for sustainable development in developing countries have yielded mixed results. The Ministry of Foreign and European Affairs and the Ministry of Finance, both in partnership with UNDP, have invested in financing for feasibility studies, a challenge fund and advice to the private sector to compete in international tenders. Eximbanka is now in a position to extend concessional loans, although this has not yet come to fruition. Despite initial successes, Slovak private sector interest and capacity remain limited, and the COVID-19 pandemic has further lowered risk appetite. In moving forward, we therefore encouraged the Slovak Republic to draw lessons from their experiences and to further strengthen collaboration across MFEA, Ministry of Finance, SAIDC and Eximbanka. In line with OECD standards and the Kampala Principles, the focus on development effectiveness and impact should guide the Slovak Republic's continued reflection on how to engage its own private sector as part of its wider development co-operation efforts and in complement to private sector engagement efforts by other development partners.

The legal requirement to award ODA grants to actors from the Slovak Republic remains in place. The government considers that the transaction cost for open calls would be too high compared to its small bilateral co-operation budget. We encouraged continued dialogue with Slovak stakeholders on how to make progress on untying ODA, in particular to ensure that Slovak ODA to countries covered by the DAC recommendation on Untying ODA, albeit at low levels, is indeed untied.

Continuing efforts on managing for sustainable development results and learning from evaluations

Managing for sustainable development results is work in progress. New strategies in programme countries contain medium-term objectives, logical frameworks and indicators, which guide calls for proposals and steer monitoring efforts. Staff have received training on results management. We encouraged strengthening the dialogue with partner countries, together with its provider partners, when designing bilateral cooperation strategies and in particular pursuing alignment with their results and monitoring frameworks to strengthen ownership and avoid duplication of efforts. We also stressed the value of looking beyond project outputs and jointly tracking progress

towards higher-level outcomes. The move towards financing of longer-term strategic partnerships should facilitate such efforts. The Slovak Republic could also draw on other DAC members' diverse approaches and rich experiences, including through the DAC's Results Community.

Oversight exercises have confirmed institutional performance, while independent evaluations have been undertaken to support learning and inform decision-making. A number of external audits attested to SlovakAid's capacity to manage programmes, including on behalf of the EU following the pillar assessment of both SAIDC and Eximbanka. The MFEA commissioned evaluations for example on global and development education and the medium-term strategy. Evaluation findings were publicly disseminated and reflected in decision-making processes, with management responses adopted to ensure follow-up. We welcomed these efforts and in particular the collaboration across ministries, as in the joint management response on global and development education. Continuing to prioritise evaluations that respond to wider policy and decision-making needs will help to further strengthen collaboration across government.

Human resources remain a concern for sustaining the reform dynamic

Plans to strengthen capacity could not be sustained. Following the peer review in 2019, the Slovak Republic was able to increase staffing, which in turn provided greater capacity to drive reform efforts. Economic diplomats regularly benefit from dedicated training on development co-operation. However, plans to increase the number of development diplomats in embassies beyond the existing three were put on hold. Staffing cuts of 10% across government affected the development co-operation system and notably its ability to continue reform efforts. As the number of staff is small, regular rotation poses risks for losing expertise, although there have been good examples of staff staying within the system. As the Slovak Republic aims to enhance its efficiency by investing in IT systems, recent experiences by other DAC members could help inform its way forward. We encouraged the Slovak Republic to pursue previous efforts to strengthen its human resources in line with the ambition to increase ODA.

Conclusion

We were very encouraged by the continued follow-up to the DAC's recommendations and hope that findings from this mid-term review will be integrated into the follow-up efforts of government and civil society, and inform the planned Development Forum in May 2022. The next OECD-DAC peer review will be an opportunity to explore progress on the portfolio concentration and discuss how partnerships with civil society and private sector are evolving. It will also test if the government has succeeded in mobilising more substantial resources, in particular for bilateral co-operation, to underpin its reform efforts. In the meantime, we are looking forward to the Slovak development co-operation's 20-year anniversary celebrations in 2023, as they will provide useful opportunities to discuss progress achieved and generate momentum for the way forward.

Yours sincerely,



Mayumi Endoh

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