

DEPUTY DIRECTOR
DEVELOPMENT CO-OPERATION DIRECTORATE

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To: DAC Delegates and Observers

Poland Development Co-operation Mid-term Review, 4 December, Warsaw

Dear colleagues,

On 4 December 2019, I visited Warsaw to conduct the development co-operation mid-term review of Poland, accompanied by Santhosh Persaud of DCD. I would like to thank Michał Cygan, Director of the Development Cooperation Department at the Ministry for Foreign Affairs and all his staff for an excellent programme of meetings.

The mid-term review focussed on the implementation of the DAC's 2016 peer review recommendations, in the context of developments that have taken place since then. In particular, Poland has undertaken a mid-term assessment of its multi-annual development co-operation programme document and pushed forward strategic reflection on its policies and engagement. Building on these processes, Poland has advanced the development of a new multi-annual development co-operation programme 2021-2030.

During the review, we had rich and frank discussions with senior officials from the Polish Ministries of Foreign Affairs, Development, Finance, and Science and Higher Education, as well as representatives from civil society and the Solidarity Fund. While challenges remain, I was pleased to note that Poland has already taken steps to address a number of the peer review recommendations, in particular related to:

- Strengthening the focus of its programme
- Bringing together different parts of the Polish aid system
- Investing in greater transparency
- Moving towards a culture of results and using evaluations.

Building on strategic reflection, the new co-operation programme is an opportunity to focus Polish aid

Poland invests in learning to enhance its strategic planning. In 2018, Poland commissioned an independent mid-term assessment of its 2016-2020 programme and published the report. The main recommendation was to strengthen the strategic nature of the document, as it was detailed on country level activities but less clear on actual objectives. With support from the OECD (DCD's FOR Unit), Poland organised workshops and seminars on priorities such as multilateral aid, private sector engagement and results, to identify suitable policy options. Following up on the results of these reflections, Poland is currently preparing a new development co-operation programme.

Developing the new programme is an opportunity to increase the focus of Polish aid as recommended in 2016. The programme will align with the 2030 Agenda and run until 2030. While Poland stresses that the long timeframe requires flexibility, it usefully plans to continue limiting the number of partner countries to ten. Thematic priorities will link to specific Sustainable Development Goals (SDGs). As every SDG covers a broad range of possible interventions, it will be important to identify clear areas of focus within each SDG, in line with Poland's expertise.

Poland has not yet clarified its objectives and approach to poverty reduction and cross-cutting issues. Under the new programme, it intends to prioritise climate change and environment and develop guidance in 2020, following up on the peer review recommendation. Working towards gender equality will also be relevant for the achievement of Poland's priorities, and Poland plans to ensure that all future country strategies clearly outline challenges and opportunities for women and girls. Guidance and

follow-up will be important since OECD statistics show only minimal integration of climate change and gender equality in Poland's bilateral portfolio thus far.

Greater focus had also been a specific recommendation of the 2016 peer review for Poland's humanitarian assistance. Poland has concentrated its humanitarian assistance on Ukraine and the Middle East and considers introducing horizontal priorities for women, peace and security, children and persons with disabilities. I highlighted that it could be useful to co-ordinate with other DAC members also active in these areas to make the most out of Polish leadership. Poland recognises that it needs to invest in the humanitarian-development-peace nexus, building on progress it is already making in Ukraine and Lebanon.

Polish ODA is growing but a significant push and greater capacity will be needed to meet international commitments

Poland is making limited progress towards its EU commitment of reaching 0.33% of gross national income (GNI) as Official Development Assistance (ODA), and ultimately 0.7% of GNI. While Polish ODA to GNI increased sharply from 2015 to 2016, from 0.10% to 0.15%, progress has unfortunately stalled after the peer review. In 2018, ODA to GNI stood at 0.14% under the grant equivalent method and, while 2019 should see an increase, the 2020 budget foresees a return to 0.14%. As per another peer review recommendation, Poland increased its bilateral aid, although mainly due to an increase in imputed costs for students.

Poland needs to plan ahead for an aid increase. As Poland experiences robust economic growth – projected to continue at 3% and more – reaching 0.33% of GNI could mean tripling the aid budget by 2030. Growing Polish ODA will thus require a firm political commitment and plan in the new development programme, reflecting when and where to increase spending and required capacities, and how to maintain necessary popular support.

To improve its capacity for delivering bilateral aid, Poland is considering establishing an implementing agency, as was already discussed during the peer review. It is also reflecting on the set of funding tools it might require to fulfil its ambitions. I was happy to hear that Poland already engages with other DAC members on these issues and strongly encourage it to continue doing so, in particular with those DAC members who created or, conversely, integrated their agencies in recent years. This would help Poland weigh advantages and disadvantages of different options against its objectives.

Poland makes progress on working across government

Poland has made significant progress in bringing different parts of its aid system together and intends to include all aid channels in new country strategies. A new policy requires that loans focus on priority countries, which has already led to a shift in practice. Moreover, the ministries of Finance, Foreign Affairs and Entrepreneurship co-ordinate their views on proposed loans in an advisory group that takes decisions by consensus. I encouraged Poland's ambition to integrate loans fully into bilateral co-operation, including by evaluating their results, as recommended in the peer review. As regards scholarships, a new agency now co-ordinates programmes financed by different ministries.

On development education, I encouraged plans to collaborate more closely with education ministries. This would be important to integrate development awareness into school curricula. Other DAC members have co-ordinated approaches to global citizenship education that could be helpful to Poland.

Poland's multilateral ODA is by and large equivalent to contributions to the European Union (EU), which made up 89% of multilateral ODA in 2018, and around half of the share of bilateral ODA channelled through multilateral organisations. Ministries are satisfied with the co-ordination across government on EU development co-operation, while there might be scope for more exchange on Poland's engagement with multilateral development banks. For its voluntary contributions to multilateral agencies, the Development Cooperation Department is taking steps to concentrate allocations, has developed funding criteria and is consulting with other departments inside the ministry. I welcomed its plans to discuss these contributions in the Development Co-operation Programming Council to develop a common approach across government and other stakeholders.

Progress on two policy coherence priorities, while general mechanisms are underused

Poland is making progress on its two identified priorities for policy coherence for development (PCD), Corporate Social Responsibility as well as illicit financial flows and tax avoidance. Poland has adopted a plan for business and human rights, and a draft plan to disseminate corporate social responsibility standards. It could assess how it could further strengthen its National Contact Point on Responsible Business Conduct. On illicit financial flows and tax avoidance, Poland has ratified the multilateral convention to implement tax treaty-related measures to prevent base erosion and profit shifting, and actively participates in the Council of Europe Moneyval process. The government presents progress on the implementation of the two action plans to the Development Co-operation Programming Council.

However, Poland did not assess, monitor and discuss other challenges to PCD, despite a number of existing mechanisms to identify and discuss policy coherence issues. It stresses that there is not yet sufficient capacity for analysing transboundary effects in regulatory impact assessments. I suggested to also engage its embassies, for instance on promoting responsible business conduct or providing feedback on possible policy coherence challenges. As Poland prepares its next national sustainable development strategy, I encouraged plans to integrate policy coherence and external aspects of SDGs in the strategy, in line with the 2016 recommendation.

Effectiveness of country partnerships is work in progress

I welcomed Poland's plans to improve the effectiveness of its country partnerships by introducing three-year country strategies, starting with two pilots in 2020. Strategies are planned to align with partner country needs and contribute to EU joint programming, which would enhance country ownership. Close dialogue with partner country authorities and stakeholders will be important to concentrate on those areas where Poland provides particular added value, as it remains a very small donor in most of its partner countries. This will also require sufficient capacity in embassies in partner countries. In government to government co-operation I would strongly encourage Poland to explore using partner country systems, which increases ownership, reduces duplication and strengthens these systems further. As a positive step, CSOs are already encouraged to demonstrate how proposed programmes align to country development strategies.

Poland has already improved transparency through an online project repository. It is currently piloting software for data collection that will facilitate reporting to the OECD as well as to the International Aid Transparency Initiative (IATI), in case Poland decides to publish information to IATI. As recommended in 2016, Poland could already improve the predictability of its aid by sharing indicative financial information on multi-annual projects, and, once adopted, of the three-year country strategies.

Tied loans continue to affect the quality of Polish bilateral aid

A significant share of Poland's bilateral aid consists of tied loans to LDCs - in 2018 to Myanmar and Tanzania - while the majority of untied grants went to the middle-income countries Belarus, Turkey and Ukraine. As a result, the share of Polish tied aid is too high for Poland to comply with the DAC Recommendation on Untying ODA. Poland generally intends to continue extending tied loans, but within a stricter framework. It also indicates pressure from its private sector that points out the practices of other donors who either tie aid, or do not tender competitively even where aid is untied. At the same time, Poland aims to enhance the development focus and effectiveness of loans. A new policy sets out that loans need to be coherent with Poland's development co-operation objectives. Proposed loans that do not comply with the policy are not approved. Although loans are concessional, the grant element of Polish aid to LDCs is too small for Poland to meet the DAC Recommendation on the Terms and Conditions of Aid. As Poland would likely reduce the concessionality if it were to extend untied loans, it will need to reflect on how it can increase the amount of grants to LDCs to comply with the DAC Recommendation.

Growing engagement with the private sector

I was encouraged to hear about Poland's efforts to encourage its own private sector to engage in developing countries. While private sector interest is still limited due to good opportunities in the Polish market, continued dialogue can be a useful entry point for discussions on responsible business conduct and help clarify mutual expectations so that business interest and development additionality go hand in hand. Poland is still considering the way forward, and usefully draws on the experiences of other DAC members. This should also reflect how Poland can support the private sector in its partner countries.

Modalities for civil society partnerships have improved but are still only project-based

Funding modalities to civil society have improved predictability but are still only project-based. While Poland does not provide actual multi-annual funding, it uses more and more “modular” projects that allow for a series of single-year contracts. For humanitarian funding it exclusively uses 2-year modular funding. However, as Poland provides almost no core contributions or institutional support, CSOs face challenges in building and sustaining their capacity. As a case in point, the sharp reduction of humanitarian funding to CSOs projected in 2020 puts a significant strain on them. While larger CSOs can explore other funding streams from the European Union, other donors and the private sector, smaller CSOs do not have the same options. Poland could build on its good dialogue with development and humanitarian CSOs to explore how they can contribute to Polish development co-operation, both as independent development actors and implementing partners for the delivery of a larger bilateral programme.

Moving towards a culture of results and evaluation

Poland is slowly building a culture of results. All projects track results and the annual plan includes suggested indicators for each thematic priority in Poland’s priority countries, though without a multi-year perspective, baseline or target. Poland plans to include results measurement in its future development policy and country strategies. This will require articulating a theory of change and alignment with partner country monitoring frameworks. Establishing a link between the objectives of the new development programme and the results of its bilateral and multilateral allocations would also help Poland communicating better on its development co-operation. Poland could draw on results reporting from multilaterals to illustrate the effects of its core funding.

Poland has developed guidance to improve carrying out and using evaluations. In response to the 2016 recommendation, the policy clarifies that the evaluation unit does not report to directors responsible for the implementation of the aid programme. Poland identifies evaluation topics strategically to inform its future policy and programming decisions, and plans to move towards a two-year evaluation plan. The implementation of evaluation recommendations is tracked and discussed in the Development Co-operation Programming Council.

Conclusion

Overall, I was encouraged by the progress made by Poland to address the DAC’s 2016 recommendations, and in particular appreciated the investment in strategic reflection, including through the engagement with the OECD. The next peer review will be able to assess whether Poland’s ambition for a more significant and effective development co-operation programme is being delivered. This will include to what extent the new development programme, country strategies and operational guidance help Poland to focus on its strengths and align to partner country priorities, as well as building up its systems and adapting partnership approaches.

I wish to thank again Mr Cygan, his deputy Ms Karolina Zelent-Śmigrodzka and all their colleagues, as well as Ms Aleksandra Stys, for helping to organise a most productive and interesting day of discussions in Warsaw.

Yours sincerely,



Mayumi Endoh

CC: Ms. Susanna Moorehead, DAC Chair
Mr. Jorge Moreira da Silva, DCD Director
Mr. Rahul Malhotra, Head of RREDI, DCD