



OECD Development Co-operation Peer Reviews

Austria 2020



The Development Assistance Committee: Enabling effective development

**OECD
Development
Co-operation
Peer Reviews:
Austria
2020**

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Foreword

The OECD Development Assistance Committee (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 five to six years, with five members reviewed annually.

The objectives of DAC peer reviews are to improve the quality and effectiveness of development co-operation policies and systems, and to promote good development partnerships for greater impact on poverty reduction and sustainable development in developing countries. DAC peer reviews assess the performance of a given member and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the member under review.

The OECD Development Co-operation Directorate provides analytical support to each review and is responsible for developing and maintaining, in close consultation with the Committee, the methodology and analytical framework – known as the Reference Guide – within which the peer reviews are undertaken.

Following the submission of a memorandum by the reviewed member, setting out key policy and programme developments, the Secretariat and two DAC members designated as peer reviewers visit the member's capital to interview officials, parliamentarians, as well as civil society and non-governmental organisations' representatives. This is followed by a field visit, where the team meet with senior officials and representatives of the partner country or territory's administration, parliamentarians, civil society and other development partners. The main findings of these consultations and a set of recommendations are then discussed during a formal meeting of the DAC prior to finalisation of the report.

The Peer Review of Austria involved an extensive process of consultation with actors and stakeholders in Vienna, Austria and Pristina, Kosovo.* The resulting report, which contains both the main findings and recommendations of the DAC and the analytical report of the Secretariat, formed the basis for the DAC meeting at the OECD on 5 December 2019, at which senior officials from Austria responded to questions formulated by the Committee.

The peer review took into account the political and economic context in Austria, to the extent that it shapes Austria's development co-operation policies and systems. Compared to most other OECD Member countries, Austria performs well on many measures of well-being, ranking above average on income and wealth, jobs, housing, health status, subjective well-being, personal security, social connections, and education and skills. While Austria experienced a broad upswing in economic growth over 2016-2018, this is projected to slow in 2019 and 2020 and uncertainties surrounding global trade, the Euro-area and Brexit may dampen growth further.¹

* *This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.*

¹ For more information, see the OECD Better Life Index (https://dx.doi.org/10.1787/how_life-2017-en) and the OECD Economic Survey of Austria 2019 (<http://www.oecd.org/economy/austria-economic-snapshot/>).

Following general elections in October 2017, the centre-right Austrian People's Party (ÖVP) formed a coalition with the far-right Freedom Party (FPÖ) in December 2017. However, the government was dissolved in May 2019 following a vote of no confidence by parliament. A technocrat caretaker government was assigned in June 2019 by President Alexander Van der Bellen. A general election was held in September 2019, which the ÖVP won comfortably.

Austria's development co-operation system is relatively complex. The Ministry for Europe, Integration and Foreign Affairs (MFA) allocates and oversees the budget of the Austrian Development Agency (ADA), sets development policy, and manages Austria's Foreign Disaster Fund. ADA, established in 2004, functions as the operational unit of Austrian Development Cooperation (ADC), operating from a head office in Vienna and through 11 ADC Co-ordination Offices in Africa, Asia, and Eastern Europe. Around six other federal ministries contribute to official development assistance (ODA). The Federal Ministry of Finance is responsible for most core contributions to multilateral organisations, and is involved in the oversight of the Development Bank of Austria (OeEB) and the Oesterreichische Kontrollbank AG (OeKB). The federal states (Bundesländer) and several other federal ministries – the Ministry of Sustainability and Tourism; the Ministry of Education, Science and Research; the Ministry of Defence; the Ministry of the Interior; and the Federal Chancellery – also contribute to total ODA and are important elements in the overall system.

Acknowledgements

Development Assistance Committee (DAC) peer reviews function as a tool for both learning and accountability. This report – containing both the main findings and recommendations of the DAC and the analytical report of the Secretariat – is the result of a 9-month in-depth consultation and review process. It was produced by a review team comprising peer reviewers from Ireland (Ambassador Maeve Collins, Ministry of Foreign Affairs) and the Slovak Republic (Peter Tomášek, Ministry of Foreign Affairs, and Renáta Mezeiová, Slovak Agency for International Development Cooperation). From the OECD Development Co-operation Directorate, John Egan, Senior Policy Analyst, served as the lead analyst for the review, together with Anita King, Policy Analyst, Cyprien Fabre, Policy Analyst (Humanitarian Specialist) and Claire Naval, Policy Analyst. Katia Grosheva provided logistical assistance to the review, and formatted and produced the report. The report was prepared under the supervision of Rahul Malhotra, Head of Division, Reviews, Results, Evaluation and Development Innovation. The report was edited by Fiona Hinchcliffe.

The team are grateful for valuable inputs from across the Development Co-operation Directorate, including statistical support from the Financing for Sustainable Development division, and OECD, in particular the OECD Economics Department, the Directorate for Financial and Enterprise Affairs, the Centre for Tax Policy and Administration, the Directorate for Public Governance, and the Sahel and West Africa Club. The team also valued inputs from the Multilateral Organisation Performance Assessment Network.

The Peer Review of Austria benefited throughout the process from the commitment and dedication of representatives of the Austrian Federal Ministry for Europe, Integration and Foreign Affairs (MFA) Directorate for Development, and the Austrian Development Agency (ADA). The review team are also thankful to the Austrian Ambassador in Kosovo, and the Head of the Austrian Development Cooperation (ADC) Co-ordination Office in Pristina, who ensured smooth contact with local counterparts as well as logistical support.

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Abbreviations and acronyms

ADA	Austrian Development Agency
ADC	Austrian Development Cooperation
CPA	Country programmable aid
CRS	Creditor Reporting System
CSO	Civil society organisation
DAC	Development Assistance Committee
DFI	Development finance institution
EU	European Union
GNI	Gross national income
IFRC	International Federation of Red Cross and Red Crescent Societies
IOM	International Organization for Migration
KFOR	NATO Kosovo Force
MFA	Ministry for Europe, Integration and Foreign Affairs
NGO	Non-government organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OeEB	Oesterreichische Entwicklungsbank AG (Development Bank of Austria)
OeKB	Oesterreichische Kontrollbank AG (export credit agency)
SDGs	Sustainable Development Goals
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNMIK	United Nations Interim Administration Mission in Kosovo

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
p	Provisional

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = EUR

2011	2012	2013	2014	2015	2016	2017	2018
0.7192	0.7780	0.7532	0.7537	0.9015	0.9043	0.8871	0.8473

Executive summary

Austria has been a member of the Development Assistance Committee (DAC) since 1965 and was last reviewed in 2015. This report reviews progress since then, highlights recent successes and challenges, and provides key recommendations for going forward. Austria has partially implemented 73% of the recommendations made in 2015, and fully implemented 16%.

This review – containing both the main findings and recommendations of the DAC and the analytical report of the Secretariat – was prepared with reviewers from Ireland and the Slovak Republic for the DAC Peer Review meeting of Austria at the OECD on 5 December 2019. In conducting the review, the team consulted key institutions and partners in Vienna, Austria and in the field in Pristina, Kosovo in June 2019.

Global development efforts. Austria's efforts to address global challenges such as peace and security underpin its strong engagement and leadership in Southeastern Europe. Its longstanding domestic commitment to environmental sustainability also provides a solid basis for Austria's international engagement and advocacy on environment and climate. Nevertheless, Austria lacks the institutional arrangements or a mechanism to systematically identify, analyse and monitor the transboundary impacts of its domestic policies on developing countries. While it performs well on policy coherence metrics relating to technology and security, more could be done in the banking and financial sectors and to meet emissions reduction targets. Austria commits considerable resources to development awareness and global citizenship, however an updated strategy is needed to effectively guide these efforts. Strengthening multi-stakeholder engagement, including with the private sector, may help it to raise the profile and support for the 2030 Agenda within Austria.

Policy vision and framework. Whole-of-government co-ordination is a challenge for Austria. The Three-Year Programme on Austrian Development Policy reflects the Sustainable Development Goals (SDGs) and guides the efforts of the Austrian Development Agency (ADA) and Ministry of Foreign Affairs (MFA). While other actors contributing official development assistance (ODA) are aligning their strategies with the three-year programme, each ministry remains responsible for setting its own priorities. This makes it challenging for Austria to ensure that ODA programming and allocation decisions match development policy priorities. A set of strategic guidelines support the Ministry of Finance's engagement with international financial institutions, and link this to poverty reduction. Given that Austria prioritises working with multilateral organisations, capturing all of Austria's multilateral engagements in a single strategy would enable it to identify opportunities for synergies across government and help to increase its influence. Following withdrawal from MOPAN membership, it is not clear how Austria is working with other DAC members to contribute to performance assessments of multilateral institutions to inform its multilateral funding decisions.

Financing for development. Austria is not meeting its commitments to allocate 0.7% of its gross national income (GNI) to ODA, or to allocate 0.15% of GNI as ODA to least developed countries. Total ODA has declined since the last review and as a share of GNI, ODA is now at its lowest level since 2004. While Austria has increased allocations in certain areas, current projections in the three-year programme show a decline up until 2022. In accordance with the DAC Recommendation on Untying ODA, Austria also needs to reduce the high and fluctuating share of its ODA that is tied to Austrian businesses. Core contributions

to multilateral institutions comprise over 50% of its ODA budget and additional bilateral funding is channelled through multilateral organisations that meet its priorities. Austria's approach to private sector development has also improved, offering more support to the enabling environment for private sector growth, and greater efforts to ensure a development perspective across its initiatives. Greater co-ordination of the various actors' support for private sector development would enhance impact. Austria's support for taxation programmes in Eastern Europe is another strength of its development finance approach.

Structure and systems. ADA continues to strengthen its systems and processes, including its approach to priority cross-cutting issues, environment and gender. These efforts position it well to implement quality Austrian development assistance as well as delegated co-operation on behalf of the European Union. Yet the fragmented nature of Austria's development co-operation system presents challenges for co-ordination and a more coherent whole-of-government approach in priority countries and territories is needed. ADA's lack of empowerment to act as the primary implementing agency for Austria's ODA activities is a missed opportunity for achieving well-co-ordinated and effective development co-operation. Austria has clear processes and quality assurance checks in place for the bilateral ODA managed by ADA and the Development Bank of Austria (OeEB). Federal ministries tend to rely on multilateral institutions' own systems and procedures to ensure the quality of multilateral co-operation. Austria has a strong focus on internal and fiduciary risks and ADA is enhancing risk management in its programming. However, a better understanding and assessment of risks in specific sectors and programmes would strengthen the overall approach to risk management. While ADA, the Ministry of Finance and OeEB have increased their staffing levels since the last review, ADA's human resources are under pressure, particularly in co-ordination offices which would benefit from greater devolution. Further investments in staff training are also needed.

Delivery and partnerships. Austria places strong emphasis on country ownership and is seen as a consistent and effective partner in its priority partner countries and territories. The quality and commitment of staff in Vienna and co-ordination offices boost Austria's reputation as a reliable development partner. Including all Austrian contributions in country strategies would help ensure a more coherent and co-ordinated approach, and enhance predictability and transparency for partners. Austria also places value on mutual accountability and inclusion in its development partnerships. Nevertheless, Austria's approach to partnering with civil society could be strengthened by increasing direct support for local civil society organisations and improving their enabling environment.

Results, evaluation and learning. ADA and OeEB have improved their results-based management since the last review, including by linking results to the SDGs. Yet greater transparency and accountability are needed over the contributions of the various Austrian development actors. While ADA and OeEB provide information online and the MFA produces an annual ODA report, more comprehensive information on Austria's ODA activities and their results would ensure greater accountability for the use of taxpayer funds and increase public understanding of development co-operation. Austria has strengthened its evaluation approach, including developing a comprehensive, inter-ministerial evaluation policy that applies to five key development actors. ADA could be more selective about what is evaluated and make better use of the results of monitoring by implementing partners. The fragmented nature of Austria's development co-operation system makes institutional learning a challenge. Sharing and disseminating lessons more formally and systematically would improve this.

Fragility, crises and humanitarian aid. Austria increasingly values the role of development co-operation in supporting its long-standing commitment to conflict prevention. However, in practice Austria has few mechanisms available to respond to emerging crises. A dedicated conflict prevention mechanism could help Austria to better link its commitments to peace and development. Austria's outdated humanitarian strategy does not reflect the current reality of its assistance. In addition, Austria's humanitarian assistance – which follows a needs-based approach – would be more fit-for-purpose and nimble if decisions on individual projects were made at the appropriate working level. Evaluating Austria's humanitarian system would be a good first step in updating its humanitarian strategy and making humanitarian assistance coherent with development co-operation and peace building.

The DAC's Recommendations to Austria

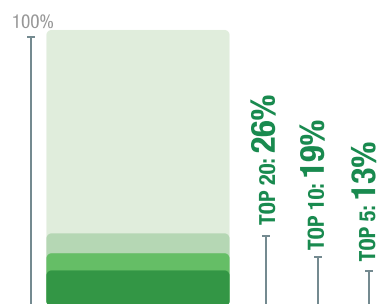
1. Austria should mandate the Ministry of Foreign Affairs to:
 - a. lead the development of an overarching vision for Austria's development co-operation within its three-year programme, including a framework of joint strategic goals, indicators and timelines
 - b. set out in future three-year programmes the respective contributions and roles of all ODA-contributing actors, and clearly link projected budget allocations to policy priorities
 - c. subsequently lead implementation of a coherent and co-ordinated approach to its total development co-operation effort.
2. Austria should include its total contribution to sustainable development in its country strategies, including relevant bilateral, regional and multilateral efforts.
3. Austria should increase the share of its bilateral budget that is programmable at the country and regional level, while focusing on those sectors and themes where it can add value.
4. Austria should ensure ADA is adequately resourced to fulfil the role envisaged for it in the Act on Development Cooperation, and to manage its growing responsibilities.
5. Austria's public communication should go beyond project details to tell the full story of how its ODA contributes to sustainable development; this would build awareness, transparency and accountability.
6. Austria should reinforce its focus on conflict prevention by establishing a mechanism to facilitate rapid, flexible financing in fragile states and crisis situations.
7. Austria should further assess risks of corruption in its programmes, particularly contextual and sector-specific risks in partner countries, to strengthen its overall corruption risk management approach.
8. Each Austrian actor should consider the staff capability needed to deliver development co-operation effectively and efficiently, and put in place a human resources action plan to achieve this.
9. Austria should develop a plan to increase its ODA in line with its commitment to allocate 0.7% of gross national income by:
 - a. setting interim targets
 - b. prioritising increases in ODA that are untied and have development as the primary objective.
10. Austria should empower and resource a focal point or institution to lead on policy coherence for development, including responsibility for developing an action plan to address key areas of incoherence.
11. Austria should update its humanitarian policy to better reflect a pragmatic and coherent approach to engaging in protracted crises.

Figure 1. Austria's aid at a glance

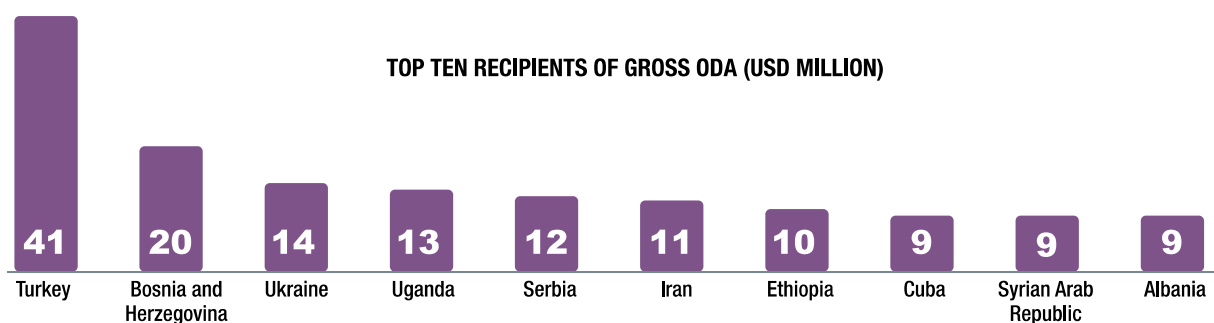
Net ODA	2016	2017	2018 ^a	Change 2017/18	ODA grant equivalent 2018 ^a
Current (USD m)	1 635	1 251	1 175	-6.1%	1 178
Constant (2017 USD m)	1 688	1 251	1 104	-11.7%	1 107
In Euro (million)	1 479	1 110	996	-10.3%	998
ODA/GNI	0.42%	0.30%			0.26%
Bilateral share	60%	48%	41%		42%

HOW CONCENTRATED IS AUSTRIA'S ODA?

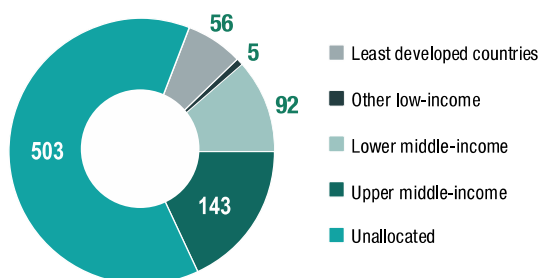
Share of ODA to top recipients, gross bilateral ODA



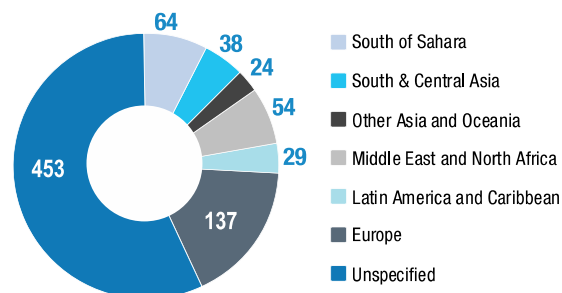
TOP TEN RECIPIENTS OF GROSS ODA (USD MILLION)



BY INCOME GROUP (USD M)



BY REGION (USD M)

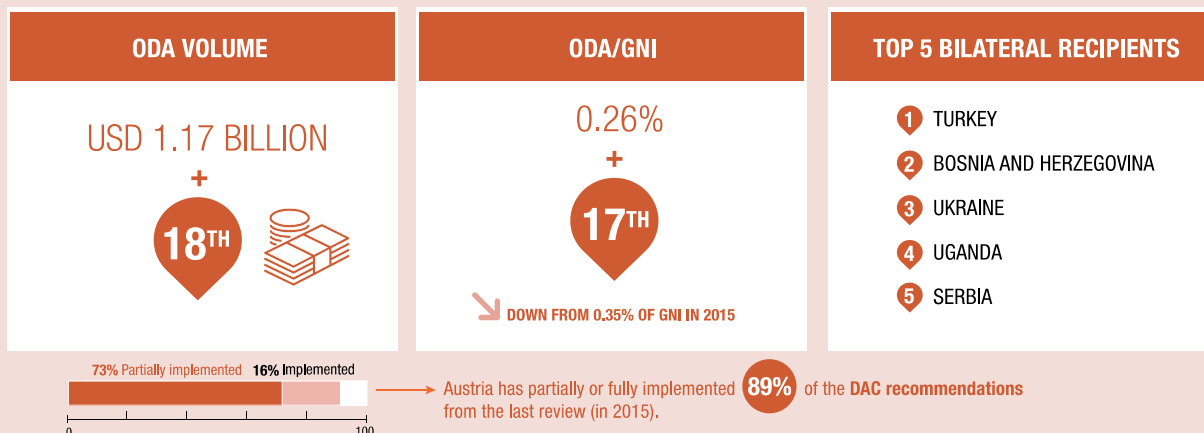


BY SECTOR (%)

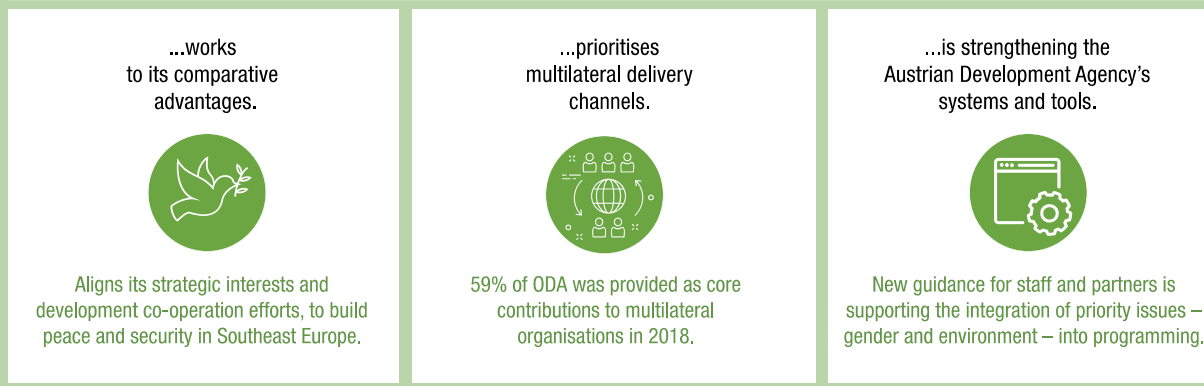
Source: OECD; <http://www.oecd.org/development/financing-sustainable-development/development-finance-data/>.StatLink  <https://doi.org/10.1787/888934084456>

Infographic 1. Findings from the 2020 Development Co-operation Peer Review of Austria

Official development assistance in numbers



As a valued development partner, Austria...



Austria can improve by...



Figures based on 2018 data, the most recent complete data reported by DAC members to the OECD Creditor Reporting System (CRS), and in current prices. Top 5 recipients are of bilateral ODA averaged over 2016-17. Some artwork and icons have been adapted from Noun Project.

The DAC's main findings and recommendations

Austria is a reliable and valued development co-operation partner

Austria plays an important regional leadership role and prioritises its engagement with the multilateral system

Austria has a strong tradition of supporting conflict prevention and makes important contributions to international crisis management and peacekeeping efforts. Nuclear non-proliferation, disarmament, arms control and the rule of law are foreign policy priorities, while a focus on security influences Austria's engagement within the European Union. These priorities are evident in Austria's leadership in its immediate neighbourhood – South Eastern Europe – where it plays an important role in promoting regional and European integration.

Austria is strongly committed to multilateralism, hosting several multilateral organisations in Vienna, and has established Vienna as a centre for sustainable energy policy. Austria also provides a relatively large share of its official development assistance (ODA) as core contributions to multilateral organisations (59% in 2018). Contributions to international financial institutions are supported by the Ministry of Finance's (MoF) strategic guidelines, which link funding to a broader commitment to poverty reduction. Capturing all of Austria's multilateral engagements in a single strategy would enable Austria to identify opportunities for synergies across government.

Environment and gender are priority cross-cutting issues in Austria's development co-operation

Austria's domestic commitments to urban and environmental sustainability provide a credible basis for its international engagement on environment and climate. It advocates for sustainable energy and climate change adaptation.

Since the last review, Austria has placed particular emphasis on gender, a focus of the current Three-Year Programme on Austrian Development Policy. The establishment of a network of gender focal points in Austria and in country offices, and the revised Environment, Gender and Social Impact Management manual are increasing awareness and supporting the systematic application of cross-cutting criteria by staff of the Austrian Development Agency (ADA) and the Ministry of Foreign Affairs (MFA), together responsible for Austrian Development Cooperation (ADC).

Partners value Austria's consistent engagement in priority countries

Austria's long-standing presence and sustained commitment in eleven priority countries and territories, and sectors such as higher education, water, energy and agriculture are appreciated by its partners. Partners also value the responsive, flexible and collaborative approach shown by staff in country offices.

Austria can build on its achievements

A policy vision linking development co-operation objectives to budgets would help to focus Austria's engagements with developing countries

The MFA is responsible for co-ordinating Austrian development co-operation policy, which is formalised in the three-year programme. However, it is not responsible or accountable for implementing all of Austria's ODA. While other ODA-contributing ministries and agencies are aligning their strategies with the three-year programme, each ministry remains responsible for setting its own priorities. In the absence of co-ordinated implementation, this continues to result in fragmentation, a challenge raised in several previous peer reviews. Recent three-year programmes align with the Sustainable Development Goals. However, they have not yet demonstrated a clear link between policy priorities and ODA allocations, constraining Austria's ability to steer the efforts of the various ODA-contributing actors to meet its strategic goals.

Developing an overarching vision for Austria's development assistance that is both owned and implemented across government would allow for a more coherent and co-ordinated approach, and greater efficiency and effectiveness. It would also make it easier to communicate Austria's development assistance achievements to the public.

Recommendation

1. Austria should mandate the Ministry of Foreign Affairs to:
 - a. lead the development of an overarching vision for Austria's development co-operation within its three-year programme, including a framework of joint strategic goals, indicators and timelines
 - b. set out in future three-year programmes the respective contributions and roles of all ODA contributing actors, and clearly link projected budget allocations to policy priorities
 - c. subsequently lead implementation of a coherent and co-ordinated approach to its total development co-operation effort.

Comprehensive country strategies would ensure a holistic, co-ordinated Austrian presence in partner countries

Strategies exist for all 11 priority countries and territories identified in the three-year programme. While newer strategies integrate results matrices and recognise the importance of a whole-of-government approach, they continue to focus on the activities of ADC, which comprises a small share (27%) of Austria's overall bilateral ODA budget.

As recommended in the last review, including in country strategies the activities and financial contributions of each Austrian development stakeholder would help to improve convergence, coherence, predictability and transparency. Including multilateral and regional efforts would paint an even more comprehensive picture of Austria's support, providing Austria with greater leverage when seeking to influence policy reforms in partner countries. Mid-term reviews of country strategies are also an opportunity to reflect on

how different government actors' efforts are contributing to Austria's priorities in partner countries and territories.

Recommendation

2. Austria should include its total contribution to sustainable development in its country strategies, including relevant bilateral, regional and multilateral efforts.

The share of Austria's bilateral ODA that is programmable at the country level reached 13% in 2017, up from 8.5% in 2015. This budget is still small compared to the DAC country average of 48% and is under pressure to cover a growing number of sectors and themes. Keeping thematic priorities focused on areas where ADA has expertise and can add value, such as education and water and sanitation, will help to maintain the quality of Austria's country programmable aid and its relevance in its priority countries. Austria could also consider strengthening direct support for local civil society organisations, enhancing their capacity and assisting them to address challenges in their enabling environment and civic space.

Recommendation

3. Austria should increase the share of its bilateral budget that is programmable at the country and regional level, while focusing on those sectors and themes where it can add value.

The share of ODA implemented by the Austrian Development Agency could be increased

The Austrian Development Agency (ADA) continues to improve its systems and procedures. This enables it to deliver European Commission-funded activities and other forms of delegated co-operation. Despite its demonstrated capabilities, ADA has not yet been enabled to act as the implementing agency for the federal ministries that undertake development co-operation activities – a role envisaged for it in the Federal Act on Development Cooperation (2003) – and was responsible for just 8.4% of total and 27% of bilateral ODA in 2017. It is nevertheless being called upon to provide services to other parts of government and to develop new business areas, such as engagement with the Green Climate Fund. There are concerns that the agency's administrative budget is insufficient to cover the costs of these growing responsibilities. In addition, implementing many small and short-duration projects, due to the fact that ADA operates on the basis of annual discretionary budgets, creates challenges for ADA. The 2019 evaluation of ADA is an opportunity to reflect on the agency's role and how it is administered.

Recommendation

4. Austria should ensure ADA is adequately resourced to fulfil the role envisaged for it in the Act on Development Cooperation, and to manage its growing responsibilities.

Greater transparency, and better use of results information and evaluation findings, could help to build public support for ODA

A new inter-ministerial evaluation policy that applies to five key development actors is a very positive step towards achieving coverage of Austria's entire ODA system. Choosing criteria relevant to each evaluation is also good practice. While the draft policy tasks each institution with evaluating its own development

co-operation efforts, it lacks a mechanism for assessing the extent to which Austria achieves synergies across its entire development co-operation system. Rather than evaluating every project, ADA could make better use of the results of monitoring by implementing partners and be more selective about what is evaluated.

Each Austrian development actor draws lessons from their development co-operation activities and shares these lessons informally with others. However, lessons learned are not disseminated systematically. ADA's practice of publishing evaluation reports and summaries of findings on its website could be replicated by other government actors.

Accountability to the public and partners is aided by Austria's reporting to the OECD Creditor Reporting System, by ADA and the Development Bank of Austria (OeEB) publishing summary information online, and by the annual ODA report. However, greater accountability for Austria's use of taxpayer funds and better public understanding of development co-operation could be achieved by providing more comprehensive information about all of Austria's development co-operation efforts and their results. Making stronger links to Austria's effort to implement the 2030 Agenda could also increase public support for Austria's development co-operation.

Recommendation

5. Austria's public communication should go beyond project details to tell the full story of how its ODA contributes to sustainable development; this would build awareness, transparency and accountability.

A flexible funding instrument would support Austria's commitment to conflict prevention

Building on its long-standing commitment to peace and conflict prevention, Austria is increasingly conscious of the links between security and development. It now strives to align its peace and development co-operation priorities. However, Austria lacks a specific instrument or budget that targets stability and conflict prevention. The Foreign Disaster Fund, currently used for limited civilian prevention and stability activities, could become a more comprehensive instrument to respond in crisis and fragile contexts.

Recommendation

6. Austria should reinforce its focus on conflict prevention by establishing a mechanism to facilitate rapid, flexible financing in fragile states and crisis situations.

Enhancing understanding and assessment of contextual risks would strengthen Austria's approach to managing risks of corruption

Austria places great emphasis on internal risk management, especially fiduciary and reputational risks, and has highly developed fiduciary controls to ensure good financial management of its programmes. While these internal controls are robust, ensuring that ADA's corruption risk management approach is based on a clear understanding of external and contextual corruption risks, such as sector or programme-specific risks would strengthen Austria's overall approach. Systematically conducting corruption risk assessments when developing programmes and country strategies would further help to ensure that Austria's development activities are better adapted to the risk environment in which they operate.

Recommendation

7. Austria should further assess risks of corruption in its programmes, particularly contextual and sector-specific risks in partner countries, to strengthen its overall corruption risk management approach.

Capacity investment is needed across the Austrian development co-operation system

Human resource management systems are in place to support the induction and retention of Austrian personnel working on development co-operation, and to provide ongoing training opportunities to staff. The MFA is aware of the risk that the upcoming retirement of staff with development expertise could reduce capacity in the Directorate-General for Development. Budgetary constraints mean that ADA is not able to offer competitive terms and conditions of employment for local staff working in ADC country offices and these staff have limited opportunities for formal training.

Recommendation

8. Each Austrian actor should consider the staff capability needed to deliver development co-operation effectively and efficiently, and put in place a human resources action plan to achieve this.

Austria needs to address some key challenges

Austria is not meeting its international ODA commitments

Recent government programmes and policies reiterate Austria's commitment to spending 0.7% of its gross national income (GNI) on ODA. Increases have occurred in some areas, such as ADA's operational budget, additional allocations to the World Bank's concessional funding window (IDA) and Austria's Foreign Disaster Fund. However, as also noted in the last peer review, there is still no plan for meeting the 0.7% commitment; in 2018 Austria's ODA/GNI ratio fell to 0.26%, its lowest level since 2004.

Austria's performance remains poor against the DAC Recommendation on untying ODA. Austria's share of untied aid under the recommendation increased from 26.9% to 62.4% but is still well below the DAC average and tends to fluctuate, linked to the provision of interest subsidies administered by the export credit agency. Austria is one of few DAC members still to use this modality. This fluctuation also reflects the disconnect between the MFA's policy setting and the other actors responsible for large shares of the ODA budget.

Recommendation

9. Austria should develop a plan to increase its ODA in line with its commitment to allocate 0.7% of gross national income by:
 - a. setting interim targets
 - b. prioritising increases in ODA that are untied and have development as the primary objective.

Policy coherence for development requires stronger institutional leadership

While the Federal Development Co-operation Act provides the legal basis for policy coherence for development, Austria lacks the systems and structures to pursue it in practice – a point noted in the last peer review. In addition to establishing the institutional arrangements to ensure leadership and follow-up on coherence issues, the MFA could also foster greater understanding across ministries of how domestic policies and regulations support or impede other countries' sustainable development, contributing to Austria's effort to implement the 2030 Agenda.

Recommendation

10. Austria should empower and resource a focal point or institution to lead on policy coherence for development, including responsibility for developing an action plan to address key areas of incoherence.

Austria's humanitarian policy is out of step with its crisis response

Austria's humanitarian policy dates from 2009 and emphasises its response to natural disasters. It does not reflect Austria's current approach to engaging in protracted crises. Humanitarian aid is increasingly part of a coherent Austrian response to crises in line with the DAC Recommendation on the humanitarian-development-peace nexus. Austria should update its policy to clarify how its humanitarian aid fits into the coherent, complementary and co-ordinated (3C) approach to crisis response. An evaluation of Austria's humanitarian aid system and programming would provide a useful evidence base for this update.

Recommendation

11. Austria should update its humanitarian policy to better reflect a pragmatic and coherent approach to engaging in protracted crises.

Secretariat's report

1

Austria's global efforts for sustainable development

This chapter looks at how Austria is demonstrating global leadership on issues important to developing countries. It also explores Austria's efforts to ensure domestic policies are coherent and in line with the 2030 Agenda for Sustainable Development, and considers Austria's work to raise awareness of global development issues at home.

It begins by reviewing Austria's efforts to support global sustainable development, focusing on Austria's engagement and leadership on global public goods and challenges, such as international peace and security, refugees and migration, and climate, environment and resilience. It then looks at whether Austria's own policies are coherent with sustainable development in developing countries. It concludes by exploring how Austria is promoting global awareness of development and citizenship at home.

In Brief

Austria prioritises peace and security, and climate in its international engagements. Its strategic interests in Southeast Europe underpin its leadership in the region. Austria's approach to irregular migration is sometimes at odds with the global consensus, and political leadership and engagement is required if Austria is to move forward with its implementation of the 2030 Agenda.

The Federal Development Co-operation Act provides the legal basis for policy coherence for development. However, Austria lacks formal systems and structures with the mandates and resources to pursue this in practice. A general misconception among ministries that policy coherence for development is primarily about co-ordination further hampers action. Austria makes positive contributions globally on technology and security but could do more to address emissions reduction targets and measures related to its finance and banking sectors.

Austria benefits from a vibrant civil society, yet struggles with a lack of awareness and commitment to sustainable development among its citizens and at the political level. The slow rollout of an updated strategy for development communication and education, and the lack of government engagement with important stakeholders such as the private sector, are limiting the impact of Austria's efforts to raise development awareness.

Efforts to support global sustainable development

Regional security and stability are mainstays of Austria's international engagement

Austria has a tradition of supporting efforts to address global risks and challenges. Its policy of neutrality, established by constitutional law after the Second World War and maintained in recent government programmes (Government of Austria, 2017^[1]), ensures that nuclear non-proliferation, disarmament, arms control and rule of law remain central to its foreign policy. While Austria's international engagement has shifted towards its immediate neighbourhood over the past two decades (Lightfoot and Obrovsky, 2016^[2]), as a medium-sized European state, Austria recognises that its own security rests on a strong, rules-based and effective multilateral system (Government of Austria, 2017^[1]).

Austria continues to make important contributions to international crisis management and peacekeeping efforts. It engages actively in the Vienna-based Organization for Security and Co-operation in Europe (OSCE), and was Chair in 2017 (MFA, 2017^[3]). It has also supported initiatives led by the North Atlantic Treaty Organization (NATO), despite not being a member.¹ Austria's engagement within the United Nations system emphasises human rights and the rule of law. As a member of the Human Rights Council for 2019-2021, priorities include the rights of minorities, freedom of speech and the safety of journalists (MFA, 2018^[4]). Austria is a candidate for the United Nations Security Council in 2027-2028 – if successful, its fourth term. It is also represented on the International Law Commission for the term 2017-2021.²

Vienna hosts several post-war multilateral organisations, including hosting a World Bank unit since 2004. With support from the Austrian government,³ the office expanded in 2013 to include management of the Western Balkans programme, a key strategic interest that Austria also pursues within the European Union (Government of Austria, 2018^[5]).

Austria also shows leadership in advocating for environment and climate-related issues, such as sustainable energy (Box 1.1) and climate change adaptation.⁴ Urban development and sustainable energy

are consistent priorities in its engagement with the International Energy Agency, and implementing the Paris Climate Agreement and the European Union's 2030 targets for reducing greenhouse gas emissions are among its priorities within the European Union (Government of Austria, 2018^[5]).

Box 1.1. Austria's support for the global sustainable energy agenda

Austria has sought to position Vienna as a platform for international energy diplomacy, with several Vienna-based organisations working to accelerate electricity access and increase the share of renewable and affordable energy.

The Global Network of Regional Sustainable Energy Centres, hosted in Vienna by the United Nations Industrial Development Organization and supported by Austrian Development Cooperation (ADC)⁵, represents an innovative South-South and triangular multi-stakeholder partnership. Austria's support since 2010 has led to the establishment of seven regional Renewable Energy and Energy Efficiency (REEE) Centres covering West Africa, East Africa, Southern Africa, the Caribbean, the Pacific Region, Central America and the Himalayas. In addition to providing financial support in the form of risk capital, and seconding experts, high-level political engagement by Austria has helped to bring in the support of other donors.

The centres aim to create an enabling environment for renewable energy and energy efficiency, with a focus on de-risking and scaling up clean and safe energy business models to create integrated and inclusive regional markets for sustainable energy. The focus on working in partnership with participating states as well as other regional actors – such as utility organisations, regulatory authorities, and financial institutions – helps to generate long-term national and regional ownership.

Note: Other Vienna-based organisations and initiatives include the Vienna Energy Club, the Vienna Energy Forum, the International Atomic Energy Agency's 3E initiative, and the SEforAll hub supported by ADC.

Source: (MFA, 2019^[6]), *DAC Peer Review Memorandum*; (UNIDO, 2015^[7]), *UNIDO Energy Programme: The Global Network of Regional Sustainable Energy Centres*, https://www.unido.org/sites/default/files/2015-12/14_Regional_Sustainable_Energy_Centres_0.pdf.

Austria's approach to irregular migration is sometimes at odds with the global consensus

Austria took several measures following the significant rise in refugees transiting through or seeking asylum in the country in 2015 and 2016. With 10.3 asylum seekers for every 1 000 inhabitants, Austria became the second highest destination country in the European Union (EU) at that time relative to its populations size.⁶ Externally, Austria has advocated actively for stronger EU border management to prevent and decrease migration. External border management – including the European Border and Coast Guard Agency FRONTEX – repatriation, countering people smugglers and enhanced co-operation with African states were key priorities during its 2018 Presidency of the Council of the European Union (Government of Austria, 2018^[5]).

Austria has the third highest number of regular migrants in the European Union with some 16% of its population not born in Austria. Its support for global frameworks on migration is shaped by the distinction between seeking international protection and regular and irregular migration. While Austria has signed up to the Global Compact for Refugees, it was one of just 12 countries to abstain during the United Nations General Assembly vote in December 2018 on the Global Compact for Safe Orderly and Regular Migration, out of concern that the compact might lead to the recognition of migration as a human right (United Nations, 2018^[8]).⁷ Domestically, the negative portrayal of migration in media coverage (Migration Council for Austria, 2016^[9]), and the linking of migration to national security, have had an impact on social cohesion in Austria (Expert Council for Integration, 2017^[10]), (Konle-Seidl, 2018^[11]) and (Caritas Austria, 2019^[12]).⁸

Austria's position on migration has at times deviated from its commitment to multilateral solutions; for example, the Western Balkans Conference, Managing Migration Together, excluded key actors such as Greece.⁹

In contrast to its commitment to support measures in developing countries relating to refugees and people who have been forcibly displaced (MFA, 2019^[13]), Austria has restricted its own refugee integration measures since 2015-16. Strengthening the legal structures to support recognised refugees (e.g. length of residence permits, access to citizenship) may help Austria to bring its policies in line with its international and EU commitments, including the 2030 Agenda.

Leadership is needed to improve Austria's approach to the 2030 Agenda

The Austrian Government has committed to implement the 2030 Agenda for Sustainable Development (Federal Chancellery, 2017^[14]), but has not appointed leadership or established an effective mechanism to oversee progress. While an inter-ministerial working group was established, it functions primarily as a platform for information exchange and to co-ordinate reporting but has no mandate to develop a national implementation strategy or mechanism.¹⁰ The government's narrative on the 2030 Agenda emphasises domestic implementation, paying limited attention to Austria's work to advance sustainable development globally (Federal Chancellery, 2017^[14]). All ministries are tasked with implementing the Sustainable Development Goals (SDGs) in their policies, strategies and programmes (Federal Chancellery, 2017^[14]). The Federal Ministry of Sustainability and Tourism is the only ministry to date to have developed an action plan.¹¹ The Three-Year Programme on Austrian Development Policy shows how Austria's five thematic priorities contribute to the SDGs (Chapter 2).

The Austrian Court of Audit recently found that the absence of a cross-government strategy and clear division of responsibilities, has made it difficult to monitor and evaluate progress on the 2030 Agenda (Rechnungshof, 2018^[15]). Additional critical shortcomings include the lack of systematic consultation with civil society, the absence of a public relations campaign, and failure to make the results of implementation publicly accessible (Rechnungshof, 2018^[15]) (SDG Watch, 2018^[16]).¹² There was also no structured mechanism to involve the nine *Länder*, local communities or other stakeholders making efforts to implement the 2030 Agenda.¹³ These stakeholders have subsequently been included in the process of formulating Austria's voluntary national review.

Austria might consider assigning political leadership for SDG implementation and giving the inter-ministerial working group a clear mandate to develop a national implementation strategy, monitor progress and report on its implementation. A gap analysis across all federal ministries could identify where significant effort is needed to implement the SDGs (ÖkoBüro, 2018^[17]).

Policy coherence for sustainable development

Better institutional arrangements would enable Austria to make progress on policy coherence for development

The Federal Development Co-operation Act (2002, amended in 2003) includes a commitment to policy coherence for development, as a key aspect of supporting sustainable development (Government of Austria, 2002^[18]). This is reiterated in recent three-year programmes on Austrian development policy (MFA, 2019^[13]). The Federal Ministries Act (1986, amended in 2018) also provides for policy coherence, requiring all ministries to take into account points of view important to the Federal Government (Government of Austria, 2018^[19]). In practice, while there are processes to assess domestic impacts of policies and regulations, Austria does not systematically assess whether draft, proposed and existing policies and

regulations impede or create opportunities for developing countries to pursue their sustainable development aspirations (OECD, 2008^[20]) (OECD, 2019^[21]).

Guidance exists to support the coherence of domestic policies with development policy in Austria's priority areas of security and environment, and this is currently being revised following evaluations in 2016 and 2017 (Chapter 2).¹⁴ Since the last peer review in 2015 Austria has established several inter-ministerial working groups; however, efforts have focused on achieving whole-of-government co-ordination for setting policy, rather than on addressing the transboundary effects of domestic policies and regulations.¹⁵ Recent responses to policy coherence surveys conducted by the OECD and European Union confirm that little has been done to address the actions recommended in the last review (OECD, 2015^[22]).¹⁶

A primary challenge for Austria is the need to find evidence and raise awareness across the government of how domestic policies might support or impede other countries' sustainable development. To this end Austria could:

- ask research institutions to identify critical areas of incoherence (OECD, 2015^[22])
- encourage embassies and Austrian Development Cooperation co-ordination offices to engage with partner countries and territories to identify issues of concern (Annex C)
- increase the political relevance of Austria's regular reporting to the European Union and the OECD.

In addition, mandating an institution to lead on policy coherence for development – whether the Ministry of Foreign Affairs, the Federal Chancellery, or another relevant actor or body – would help to address the lack of leadership across the federal government. In considering this, Austria could look at organisational approaches adopted by other Development Assistance Committee members.¹⁷ Presenting an annual report on policy coherence to parliament, as is done in Finland and Sweden, may also encourage greater political engagement.

There are opportunities for Austria to improve policy coherence for development in several areas

Austria performs well in a number of areas in the Commitment to Development Index, which measures the dedication of countries to policies that benefit people living in poorer nations. In 2018, it ranked 11th out of the 27 countries assessed, performing well on technology (4th) and security (7th) (CGD, 2018^[23]).¹⁸

Austria is on track to meet the European Union renewable energy target for 2020, although it faces some challenges in meeting emissions reduction targets (European Commission, 2019^[24]) (UNFCCC, 2019^[25]). The new climate and energy strategy, Mission 2030, signals Austria's concerted effort to support climate protection and environmental sustainability domestically (Government of Austria, 2018^[26]). Further actions Austria might take include decarbonising the transport sector and investing in new technologies and renewable electricity generation (European Commission, 2019^[24]). There is also a need to strengthen understanding across government that environment is a cross-cutting issue, a challenge raised in the evaluation of the inter-ministerial strategic guidelines (Chapter 2).

Austria is party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions [[OECD/LEGAL/0293](#)] (OECD, 2010^[27]), yet compliance has been weak. Austria only partially complies with some aspects of the Financial Action Task Force's anti-money laundering and counter-terrorist financing measures (FATF, 2018^[28]). Despite human rights being a consistent foreign policy priority, Austria has not yet developed a national action plan on business and human rights. Austria performs relatively poorly on metrics relating to trade (CGD, 2018^[23]), explained by its high agricultural subsidies as a member of the European Union. Reference in the new trade strategy to the OECD Guidelines for Multinational Enterprises and its commitment to sustainable and fair economic partnerships are positive steps. As noted above, Austria could also consider whether its domestic policies relating to migration align with its development policy, to support refugees and host communities in partner countries.

Global awareness

Raising public development awareness will require a fresh strategy and new partnerships

The current Three-Year Programme on Austrian Development Policy promotes development education and public relations, albeit less prominently than in previous years (MFA, 2019^[13]). ADA is responsible for managing development communication and education in Austria. The budget for this has remained stable at EUR 4.2 million a year from 2010 to 2017. Other Austrian entities are also engaged in communicating with and educating the public.¹⁹ ADA runs an annual call for proposals for projects covering learning, engagement and awareness raising, and co-finances national projects supported by the European Commission. The Federal Ministry of Education, Science and Research also recently launched a Master's programme in global citizenship education, which is an innovative approach.²⁰ Proposals to include development awareness in national school curricula have to date been unsuccessful, however.

Despite significant efforts, there has been no meaningful change in public development awareness or support for development co-operation in recent years. Since government policy linked official development assistance to reducing migration (Government of Austria, 2018^[5]) (MFA, 2019^[13])²¹ there has been a slight increase in support for official development assistance amongst Austrian respondents to recent Eurobarometer polls. There has also been a significant increase in respondents who consider peace and security as the most pressing issue (European Commission, 2018^[29]). Austria might consider whether linking development co-operation to reducing migration to Austria is a sustainable approach to building and strengthening public and political support for development co-operation. Engaging the general public in the SDGs may contribute more broadly to enhancing global awareness and citizenship among the population.

An evaluation of Austria's overall approach to development communication and education, including the 2010 strategy on Development Communication and Education in Austria (ADA, 2010^[30]), was completed in 2014 (Loriska, Risler and Beamish, 2014^[31]). An updated strategy is yet to be finalised. Both the evaluation and previous peer reviews raised the need for ADA to better identify various target groups within Austrian society, including through the use of differentiated communication tools (OECD, 2015^[22]).²² Undertaking public attitudes research to identify audiences and ensure efforts are addressing evolving needs would be a useful first step.

Previous reviews also noted that the strategy does not specify how ADA can support the political debate on development in Austria. In the absence of strong leadership for the 2030 Agenda, and limited parliamentary oversight and debate on development more generally – a point also raised in the 2009 peer review (OECD, 2009^[32]) – a strategic plan is needed more than ever. Austria could look to the experiences of other DAC members in scaling-up support through high-level political participation.²³ Recent initiatives led by civil society and academia to promote the 2030 Agenda and humanitarian policy²⁴ are also positive examples that could be built upon by the government through a long-term strategic approach. For instance, while the Federal Government is not involved in organising or funding a regular humanitarian congress in Vienna (Humanitarian Congress, 2019^[33]), the event situates Austria well on the international humanitarian policy stage. Engaging strategically with similar civil society-led initiatives could help the government to build greater public awareness of its efforts.

Linking ADA's efforts to issues that may have wider support, such as action on climate and environment, and stimulating a broader public debate by engaging systematically with actors other than the traditional Austrian organisations (OECD, 2015^[22]), would reinforce this. Sweden's work with investors and companies may also offer a useful example of how Austria could leverage the legitimacy of other actors in these efforts.²⁵

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Notes

¹ Currently around 1 000 members of Austria's armed forces are deployed in missions ranging from Mali, to Afghanistan and Georgia, as part of United Nations, European Union, NATO and other regional peacekeeping and peacebuilding operations (Government of Austria, 2019^[37]). As OSCE Chair in 2017, Austria oversaw formal decisions on cyber security, small arms and light weapons and stockpiles of conventional ammunition, and activities to strengthen prevention of human trafficking. For Austria's priorities, see also: <https://www.entwicklung.at/en/projects/detail-en/project/show/austrian-osce-chairmanship-2017-priorities-framework-programme/>.

² During its previous term, in 2009, Austria emphasised the protection of civilians and upholding international humanitarian law. The Council adopted resolutions on protection of civilians in armed conflict, Bosnia and Herzegovina, sanctions relating to the Democratic Republic of the Congo, and Somalia (United Nations, 2009^[43]).

³ For more information see, *The World Bank Group in Vienna*, <https://www.worldbank.org/en/region/eca/brief/world-bank-group-in-vienna>.

⁴ The Council of Ministers adopted the Austrian Strategy for Adaptation to Climate Change in October 2012 making Austria one of the first EU Member States to link adaptation to climate change with a national action plan. Austria adopted in 2013 a national climate finance strategy and established an inter-ministerial working group dedicated to climate finance (European Commission, 2018^[44]). To support Austria's low-emission transition, in 2018 the government published the new Austrian Climate and Energy Strategy, *Mission 2030* (Government of Austria, 2018^[26]).

⁵ Austria uses the term Austrian Development Cooperation (ADC) to refer to the bilateral development co-operation for which the MFA and ADA are responsible in priority countries, territories and regions (MFA, 2019^[13]). It only makes up a small part of bilateral ODA. ADA is described as the operational unit of Austrian Development Cooperation.

⁶ Internal measures after 2015-16 included revising legal and organisational structures relating to the integration of recognised asylum-seekers, restricting access to the labour market, and unlike several other states, placing a cap on how many asylum claims it would accept (Konle-Seidl, 2018^[11]). Austria restricts employment for asylum seekers to seasonal work, while Germany and Sweden have liberalised labour market access (Konle-Seidl, 2018^[11]).

⁷ The compact aims to establish a common approach to international migration in all its dimensions, including how to protect people who migrate, how to integrate them into new countries and how to return them to their home countries (United Nations, 2018^[38]).

⁸ The 2017 report of the Expert Council on Integration noted that the “subjective integration indicators published in the latest statistical yearbook, Migration & Integration 2017, show clearly that the integration climate in Austria has deteriorated, and that the number of people agreeing with the claim that ‘integration in Austria is working quite well or very well’ has declined significantly.” Further, that “Such a polarisation of society is highly problematical – not only from an integration policy point of view, but also for society as a whole” (Expert Council for Integration, 2017^[10]). The European Parliament’s Committee on Employment and Social Affairs has published comparative research showing that the share of respondents against supporting refugees is much higher in Austria (28%) than in Germany (10%) and Sweden (9%) and that in Austria, racist incidents have increased by 57% over the past five years (Konle-Seidl, 2018^[11]).

⁹ Austria aided in the co-ordination of Western Balkan countries in closing their borders by hosting the Western Balkans Conference in Vienna in February 2016 (Murphy and Zuvela, 2016^[41]). For the conference’s outcome document, see: https://www.bmeia.gv.at/fileadmin/user_upload/Zentrale/Aussendungen/2016/Westbalkankonferenz_Draft_Declaration_Letztfassung.pdf. See also the April 2016 resolution of the Parliamentary Assembly of the Council of Europe: <https://assembly.coe.int/nw/xml/XRef/Xref-XML2HTML-en.asp?fileid=22737&lang=en>; as well as media coverage: <https://uk.reuters.com/article/uk-europe-migrants-austria/defiant-austria-balkan-states-agree-further-steps-to-turn-away-migrants-idUKKCN0VX1C5>.

¹⁰ The working group is jointly led by the Federal Chancellery and the Federal Ministry of Europe, Integration and Foreign Affairs and is tasked with developing regular progress reports. To date, it has published just one report.

¹¹ It published an SDG-Action plan 2019+ in June 2019: https://www.bmnt.gv.at/umwelt/nachhaltigkeit/sdg_aktionsplan_2019.html (in German).

¹² In 2017, the Federal Chancellery launched an information area on its website dedicated to SDG implementation. The page does not contain information on results, or a platform for consultation: <https://www.bundeskanzleramt.gv.at/en/topics/sustainable-development-2030-agenda-sdgs.html>.

¹³ For more information, see: <https://www.wien.gv.at/politik/international/sdgs.html> (in German).

¹⁴ Inter-ministerial strategic guidelines on environment and development (MFA, 2009^[34]) and security and development (MFA, 2011^[35]) were evaluated in 2016 and 2017, and are both currently under revision.

¹⁵ Austria considers that the inter-ministerial working group on 2030 Agenda implementation and other thematic working groups, e.g. on tax and development established in 2016, contribute to policy coherence (MFA, 2019^[6]). The working group on tax has since become inactive.

¹⁶ The 2015 review recommended that Austria develop a clear approach to addressing policy coherence and in turn prioritise selected topics and mechanisms (see Annex A). It also recommended that this include means for monitoring and reporting across government, and that Austria draw on the expertise and analytical capacity in the country (OECD, 2015^[22]). In the documentation submitted for the current review, Austria stated that it found the recommendation “not precise enough.” Austria is a member of the OECD Informal Network of National Focal Points for Policy Coherence, and submits responses to the Joint European Union questionnaire on policy coherence for development (European Commission, 2018^[40]).

¹⁷ In 2017, the government of Norway established a whole-of-society Policy Coherence Forum, led by the Deputy Minister for Development Co-operation. The forum includes academia, civil society and the private sector and aims at stimulating broad-based discussion (OECD, 2019^[42]).

¹⁸ High levels of investment in research and development in Austria, and policies encouraging such activities, contribute to Austria's strong score for technology. Austria's ratification of all international security agreements and its strong support for international peacekeeping efforts also suggest good performance on development-friendly security policies.

¹⁹ Austria reported disbursements of EUR 8 million (USD 9.5 million) in support of development awareness in 2017 (OECD, 2019^[36]).

²⁰ Universitätslehrgang Global Citizenship Education 2019-21, see: http://www.globaleslernen.at/fileadmin/user_upload/PDF/news/Folder_2019.pdf (in German).

²¹ The current three-year programme states: "Development cooperation is... a means of advancing Austria's rational self-interest by alleviating the causes of irregular migration and forced displacement" (MFA, 2019^[13]).

²² The last review also suggested that ADA monitor the impact of campaigns and activities, such as through surveys and polls, to target audiences and meet evolving needs (Annex A).

²³ For example, implementation in Norway has benefited from high-level political engagement and endorsement. Organised by the Norwegian agency for development co-operation, Norad, and involving the participation of the Prime Minister, a series of 'SDGs hikes' mobilising over 20 000 hikers are an example of high-level engagement in an effective communications strategy, designed to improve learning around global issues and development (OECD, 2019^[42]). Ireland hosts a SDG Stakeholder Forum, which meets twice per year (High Level Political Forum, 2018^[39]).

²⁴ In 2018, SDG Watch hosted an SDG Forum and 15 universities joined forces in the Alliance of Sustainable Universities Austria, leading in 2019 to UniNETZ, a project to develop an option paper to support the government in implementing the 2030 Agenda.

²⁵ Swedish Investors for Sustainable Development is a partnership comprising 18 institutional investors, pension companies, investment companies and the Swedish International Development Cooperation Agency (Sida). It was formed in 2016 with the mission to explore the role of investors, sustainability risks and opportunities related to the Global Goals for Sustainable Development. See: <https://www.sida.se/English/partners/Resources-for-specific-partner-groups/Private-sector/Private-Sector-Collaboration/swedish-investors-for-sustainable-development/>. Swedish Leadership for Sustainable Development is a network made up of more than 20 companies, selected expert organisations and a development finance institution. It is co-ordinated by Sida and has become a forum for knowledge exchange, concrete projects and collaborative models for poverty reduction and sustainable development, with implementation of the Sustainable Development Goals as the over-arching umbrella. See: <https://www.sida.se/English/partners/Resources-for-specific-partner-groups/Private-sector/Private-Sector-Collaboration/swedish-leadership-for-sustainable-development/>.

2 Austria's policy vision and framework

This chapter assesses the extent to which clear political directives, policies and strategies shape Austria's development co-operation and reflect its international commitments, including the 2030 Agenda for Sustainable Development.

It starts by looking at the policy framework guiding development co-operation, assessing whether Austria has a clear policy vision that aligns with the 2030 Agenda and reflects its own strengths. It then considers whether Austria's policy guidance sets out a clear and comprehensive approach, including to poverty and fragility. The final section focuses on the decision-making basis, i.e. whether Austria's policy provides sufficient guidance for decisions about where and how to allocate its official development assistance.

In Brief

The Federal Act on Development Cooperation (2002) sets high-level priorities for Austria's official development assistance (ODA), and the Three-Year Programme on Austrian Development Policy provides policy direction to government stakeholders. The three-year programme articulates the thematic and geographic focus for the bilateral activities of Austrian Development Cooperation (ADC), aligns with the 2030 Agenda and prioritises a number of themes. However, the fields of activity identified within these themes lack the focus and prioritisation necessary to guide a concerted effort by all ODA-contributing actors, and other federal institutions delivering ODA follow their own strategy documents. Stronger political directives tied to a clearer statement of what Austria wants to achieve at a whole-of-government level would help to focus the resources of Austrian actors and achieve greater impact.

Several actors contribute to Austria's development co-operation efforts, each with their own strategy and guidance documents. While the Austrian Development Agency produces comprehensive guidance, including a recently strengthened approach to cross-cutting issues, this only applies to ADC. Other ODA-contributing ministries could also benefit from incorporating ADC guidance into their own. Both ADC and the Ministry of Finance are committed to supporting poverty reduction and leaving no one behind; however, being clearer about what this means in practice would support implementation.

Key policy documents state Austria's commitment to the principles of effective development co-operation. Decisions on when to engage at country, regional or global levels are generally based on the various Austrian Government stakeholders' priorities. Guidance to support a more coherent approach would be useful. Even when stakeholders are involved in the same ADC priority countries and territories, they lack a whole-of-government strategy to guide their activities. This adds to fragmentation. Capturing the breadth of Austrian activities in country strategies would contribute to a more coherent approach. Developing clear goals and an overarching strategy to guide Austria's engagement with the multilateral system could also strengthen Austria's impact and support.

Framework

Austria would benefit from an overarching vision for development co-operation that is owned across government

While legislation and three-year programmes on development policy define priorities for Austria's development co-operation, there is room for greater ownership of this vision across all federal actors providing ODA. Clearer policy directives that encompass the totality of Austria's efforts would support this.

The Federal Act on Development Cooperation (2002, amended in 2003) outlines three high-level priorities for ADC: poverty reduction, peace and human security, and preserving the environment (Government of Austria, 2002^[1]). It also commits the Federal Government to a set of principles for development co-operation, including partner-country ownership, gender equality and consideration of the needs of children and people with disabilities. While the act prioritises peace and human security, it does not link this to Austria's humanitarian assistance (Chapter 7).

The Three-Year Programme on Austrian Development Policy (MFA, 2019^[2]) provided for by the act¹ offers policy direction for all government stakeholders, and a clear focus for the bilateral activities of the Federal

Ministry of Europe, Integration and Foreign Affairs (MFA) and the Austrian Development Agency (ADA) – the two bodies jointly responsible for ADC. Recent efforts by the MFA to promote a more whole-of-government approach in partner countries and territories, such as by strengthening country strategies, and to develop the three-year programme through a broad, consultative process involving both government and civil society stakeholders are encouraging. This has helped to generate greater ownership of development policy across government.

ADA and the MFA are responsible for implementing, and demonstrate strong ownership of, the act and the three-year programme. However, together they contribute only a small share of Austria's total ODA (Chapter 3). While other key actors, including the Federal Ministry of Finance, the Development Bank of Austria and the Federal Ministry of Sustainability and Tourism, are aligning with the three-year programme, they are guided by specific laws and/or strategy documents (Government of Austria, 2017^[3]) (MOF, 2015^[4]). The Development Bank of Austria (OeEB, 2019^[5]) is increasingly aiming to align its strategy with the three-year programme, however.

Work programmes published by each new government tend to provide some additional direction for ODA-contributing actors.² However, in the absence of clear political directives, these statements do not generally drive a whole-of-government approach to development co-operation, which instead relies on the priorities of individual ministries.

ADC's geographic priorities are clear in the three-year programmes

ADC's geographic focus is guided by a commitment to poverty reduction, historical continuity and Austria's foreign policy focus on its immediate neighbourhood. Recent three-year programmes define a clear and consistent set of geographic priorities for ADC. The 11 priority countries and territories specified in the current 2019-21 programme are in line with those in the 2016-18 programme,³ albeit now grouped into the categories of least developed countries (LDCs), Southeast Europe/South Caucasus, and crisis regions and fragile states, with less emphasis on the regional aspects of ADC's priorities. The Government's commitment to link ODA to stemming migration to Austria – described in the most recent three-year programme – may affect the choice of ADC priority countries and territories in future.

Other actors are aligning with the three-year programme while also being guided by their own strategies. For example, the Development Bank of Austria is committed to expanding engagement in the poorest countries and in Africa, although according to its strategy it can and does undertake projects in any developing country (OeEB, 2019^[5]). The soft loans programme of the Ministry of Finance adheres to the OECD Arrangement on Officially Supported Export Credits [[OECD/LEGAL/5005](#)]; as such, several ADC priority countries and territories are not eligible (OECD, 2019^[6]). Bilateral activities of the ministries of Sustainability and Tourism, and of Education, Science and Research, are not bound by geographic priorities.

Austria's engagement since the 1990s in Eastern Europe creates some focus across the system. For example, efforts by the Ministry of Education, Science and Research focus strongly on Central and Southeast Europe.⁴ Nevertheless, most Austrian ODA does not go to the priority countries and territories listed in the three-year programme (Chapter 3).

Prioritisation within thematic priorities would support greater focus

Five thematic priorities are defined in the current three-year programme – eradicating poverty; sustainable economic development; protecting and preserving the environment; commitment to peace and security; and building inclusive societies and promoting women. These five themes direct the work of ADC, and all Austrian development actors should align with them. Each theme is linked to the relevant Sustainable Development Goals (SDGs), outlining how Austria's development co-operation contributes to the 2030 Agenda (Chapter 6). Nevertheless, while the five themes align well with Austria's long-standing aims and

strengths, each is accompanied by several sub-fields of activity, listed without prioritisation in a five-page annex, and without being linked to relevant actors or budget information. These function essentially as a long list of possible areas of work for actors beyond ADC. The lack of prioritisation means that the three-year programme fails to effectively direct or focus the efforts of other Austrian stakeholders.

The current programme also includes two “focus areas”: equal rights for women and promoting their development, and development co-operation and migration.⁵ However, it is not clear how the focus areas and thematic priorities interact.

If the three-year programme is to continue serving as the main strategic framework for Austria’s development assistance it will need to be strengthened to guide both development policy and implementation by all key ODA-contributing stakeholders. Greater thematic prioritisation would strengthen the programme’s usefulness in guiding decision making and ensuring support goes to agreed priorities that reflect Austria’s strengths. This would also help to ensure coherence among the various actors.

Returning to the practice in previous three-year programmes of linking key government stakeholders to proposed fields of activity (MFA, 2016^[7]), and matching these activities to relevant budget lines, would also strengthen the programme as a framework for decision making. Alternatively, Austria could consider how to achieve greater consistency and coherence among the various stakeholders’ strategies.

Principles and guidance

Cross-cutting guidance is stronger, but actors lack shared understanding for several of Austria’s priorities

Comprehensive guidance produced by ADA for delivering Austrian development co-operation recognises the social, economic and environmental aspects of sustainable development. Recent revisions to the Environmental, Gender and Social Impact Management manual (ADA, 2018^[8]), originally launched in 2015, reflect a stronger approach to cross-cutting issues, in particular gender (Annex C). The manual is available to ADA staff as well as programme and project partners, and applies to all interventions funded or implemented by ADA. ADC has supported this stronger approach to gender with several initiatives, such as establishing a network of gender focal points and dedicated training for staff and partners. The recent introduction of quantitative targets for increasing the share of funding that has gender equality as the main objective (gender policy marker 2), may also support this approach (Chapter 3), however it will be important to match this ambition with the necessary expertise.

Other actors can draw on ADC guidance, though this is not obligatory; generally, each stakeholder sets their own policies for cross-cutting issues. OeEB, the development bank, uses the International Finance Corporation’s environmental and social risk assessment process. There is room to improve the bank’s approach to gender, which was included in the OeEB strategy for the first time in 2019 and could benefit from consideration of the approach taken by ADA (Chapter 4).

Cross-ministerial strategic guidelines, approved by the Council of Ministers, exist for environment and development (MFA, 2009^[9]), and security and development (MFA, 2011^[10]) – both longstanding priorities for the Austrian Government.⁶ Key development strategies, including recent three-year programmes and country strategies, frequently cite these guidelines. However, evaluations found that they are not widely known outside the lead ministries – namely the Ministry of Foreign Affairs and ADA, the Federal Ministry of Defence and the Federal Ministry of Sustainability and Tourism⁷ – and have failed to create a shared understanding of key priorities among even the main ODA-contributing actors (Boss and Dittli, 2017^[11]) (Ledant et al., 2016^[12]).⁸ As a result, while providing useful and relevant guidance, they have had little impact on other policies. Following evaluations in 2016 and 2017, both strategic guidelines are currently being revised.

To support staff in implementing development policy priorities, ADA has also developed several focus papers covering issues such as combatting corruption (2010), development co-operation in fragile states and regions (2014), and most recently, migration and development (2016). While several of the papers are dated, they usefully define core concepts and help to situate ADA's position on key issues (for fragility see Chapter 7). Refreshing these papers would be useful.⁹ Other ODA-contributing actors could also benefit from the guidance that ADA has developed.

Clearer articulation of poverty reduction and leaving no-one behind would support implementation

Poverty reduction and meeting the needs of disadvantaged groups are identified as high-level priorities for Austria in the Federal Development Cooperation Act and three-year programmes. Poverty reduction is part of Austrian Development Cooperation's rationale for focusing on rural development and its decentralised approach in several of its partner countries and territories (e.g. Kosovo and Mozambique). Austria's support for the international financial institutions is also intended to target LDCs and to tackle poverty (MOF, 2015^[4]). However, being clearer about what Austria means by leaving no one behind would support decision making at the programming level and for implementing partners. Similarly, while a rights-based approach and support for people with disabilities are priorities in both the act and three-year programme, there is limited guidance for staff on these issues.

Guidance on operating in fragile contexts is dated but remains mostly valid

Six of Austria's 11 priority countries and territories are considered fragile or in crisis (MFA, 2019^[2]) and several policy documents help to guide Austria's approach to fragility (Chapter 7). In addition to the strategic guidelines discussed above, which help to define Austria's approach to security and development (MFA, 2011^[13]), ADA previously developed guidelines on peacebuilding and conflict prevention (ADC, 2006^[14]) which are complemented by the more recent focus paper on development co-operation in fragile states and regions (ADC, 2014^[15]). While the strategic guidelines do not discuss forced displacement and migration, a separate focus paper on migration acknowledges the linkages between migration, development and fragility (ADA, 2016^[16]).

Basis for decision-making

Country strategies have been strengthened but should be more widely used across the government

Austria's geographic focus is guided by its historical engagements, and has not substantially changed over recent years (OECD, 2015^[17]). This helps to create stability and continuity in its engagement in partner countries. The current three-year programme provides a list of instruments or modalities for each of the three categories guiding its geographic priorities – LDCs, South-east Europe/South Caucasus, and crisis regions and fragile states. This approach is also being reflected in the recently strengthened country strategies, which provide a clear rationale for where and how to engage at the country level, e.g. for Uganda and Mozambique. However, there is no clear policy guidance for country-level decisions on channels and engagements by other actors, and how these relate to the activities of ADC. Outlining more clearly what Austria aims to achieve overall in its priority countries and territories would facilitate effectiveness and provide it with more leverage when seeking policy change (Annex C).

Country strategies are developed by the Ministry of Foreign Affairs with the support of ADA and in consultation with relevant Austrian and partner country stakeholders. They apply to ADC's activities. Most country strategies explicitly refer to the aid and development effectiveness principles, or else to the

commitments in the act (Government of Austria, 2002^[1]) and three-year programmes (MFA, 2019^[2]).¹⁰ The inclusion of results matrices in the most recent round of country strategies – linking support for projects, the partner country's development objectives, and the 2030 Agenda – is a positive step (Chapter 6). While country strategies frequently recognise the importance of a whole-of-government approach, specifying the activities of each Austrian stakeholder engaged in the partner country would help to identify areas of convergence and support greater coherence. Including Austria's multilateral efforts at the country level would also increase the effectiveness of Austria's ODA efforts.

Austria is taking a considered approach to adapting its engagement in ADC priority partner countries and territories. For instance, Bhutan will graduate from least developed country status in 2023 and Austria's withdrawal is guided by a transition strategy covering the period 2019 to 2023. This was developed in agreement with the Government of Bhutan (ADC, 2019^[18]). Mid-term evaluations of ADC strategies also support adaptation, as seen in Kosovo (Annex C). According to the current three-year programme, Austria is considering whether to continue its engagement in Mozambique after 2021, where it currently focuses on water and agriculture with a geographical focus on Sofala province (ADC, 2019^[19]). If Austria decides by 2021 to transition out of Mozambique, a similarly considered and structured approach to exiting will be important.

In addition to country strategies, ADC has developed several regional strategies, for example, for the Danube region, and a strategy for sub-Saharan Africa is being finalised. However, the implementation of these strategies, their links with country strategies, and the extent to which they are used by other stakeholders undertaking ODA-related activities in these regions is ad hoc and does not reflect a systematic approach.

ADC has a clear rationale for partnerships

Austrian stakeholders contributing to ODA tend to partner with distinct actors (Chapter 5), and each has its own general rationale for engagement. Austrian Development Cooperation has a clear rationale for partnerships with civil society (ADA, 2019^[20]) and private sector organisations, as well as with the multilateral organisations with which it engages at country and territory level, as seen in Kosovo (Annex C). This enables ADC to identify complementarities within its own projects, e.g. among private sector development partners. ADC has also strengthened its approach to engaging in civil society partnerships in Vienna, for example, through introducing framework programmes and strategic partnerships (Chapter 5). However, Austria lacks a coherent rationale for engaging with these actors across its system, particularly where other ODA-contributing stakeholders apply their own strategies and have different objectives for country level engagement.

Austria prioritises its multilateral engagement

As a small donor, Austria uses the multilateral system as its main delivery channel. Partners consider Austria to be a constructive and reliable contributor to the multilateral system. Austria contributes both core and assessed contributions, and earmarked funding, to a range of multilateral organisations (Chapter 3), but places particular emphasis on its engagement with multilateral development banks, which it sees as being aligned with Austrian economic interests and having a crucial role in achieving the 2030 Agenda.¹¹ The Federal Ministry of Finance has made use of Multilateral Organisation Performance Assessment Network (MOPAN) assessments as well as self-assessments by the multilateral development banks to gather information on the performance of organisations that it funds. With the unilateral decision by the Ministry of Foreign Affairs to withdraw from MOPAN membership, however, it is not clear how Austria is working with other Development Assistance Committee members, or across its own system, to contribute to performance assessments of multilateral institutions to inform funding decisions.

While a strategy exists to oversee the Ministry of Finance's contributions to international financial institutions (MOF, 2015^[4]), it does not capture the whole spectrum of Austria's engagement with and contributions to the multilateral system. For example, it does not include all bilateral funding that is channelled via multilateral organisations, and earmarked to specific thematic or regional priorities (Chapter 3). The division of labour between different parts of the system is relatively effective, in that just one ministry contributes to each organisation. However, given the importance Austria places on its support to the multilateral system and the significant share of total ODA that these contributions comprise (Chapter 3), summarising its efforts in a single strategy would help Austria to develop a more coherent picture of its multilateral contributions. As Austria is a relatively small contributor to most of the organisations that it prioritises, being clearer about what it wants to achieve would also help it to identify, co-ordinate and leverage opportunities for influence.

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Notes

¹ The current Three-Year Programme on Austrian Development Policy is intended to serve as Austria's "whole-of-government strategy" for development co-operation (MFA, 2019^[2]). The act requires the Federal Minister for Foreign Affairs to draw up the programme, with the consent of the Federal Minister of Finance and in consultation with ADA and the Advisory Board of the Minister, and submit the programme annually to the Federal Government as well as Parliament. It is also intended to define the countries and regions in which Austria's development co-operation applies (Government of Austria, 2002^[1]).

² The most recent programme covering the period 2017 to 2022 reiterated Austria's commitment to spending 0.7% of national income on development assistance, while linking the provision of official development assistance with the willingness of partner countries and territories to co-operate in the return of rejected asylum seekers (Government of Austria, 2017^[21]).

³ The 2016-18 three-year programme listed a set of 11 priority countries and territories, as well as several priority regions. These were the Danube/Western Balkans region: Albania and Kosovo; the Black Sea/South Caucasus region: Armenia, Georgia and Moldova; West Bank and Gaza Strip; the West Africa and Sahel region: Burkina Faso; the East Africa and Horn of Africa region: Ethiopia and Uganda; the Southern Africa region: Mozambique; and the Caribbean region. Ukraine, which was not among the priority countries/territories, was also included as a special programme – "to make a major contribution to peace, stability and reforms in Austria's extended neighbourhood the Black Sea/South Caucasus region." While the 11 priority countries and territories remain the same in the 2019-21 programme, Ukraine was not included in the 2019-21 three-year programme as either a priority country or special programme.

⁴ *Bilaterale und regionale Bildungs Kooperationen* (Bilateral and Regional Education Cooperation), Ministry of Education, Science and Research: <https://bildung.bmbwf.gv.at/euint/bibildung/index.html> (in German).

⁵ While gender equality has been a consistent cross-cutting theme, the Austrian Government recently noted that development co-operation and migration was a political priority.

⁶ As core priorities, several related strategy documents have been developed by other ministries, including the recent Austrian Climate and Energy Strategy (Government of Austria, 2018^[22]) and Austria's security strategy (Federal Chancellery, 2013^[23]).

⁷ Formerly the Ministry of Agriculture, Forestry, Environment and Water Management.

⁸ For example, a recent evaluation (Ledant et al., 2016^[12]) found that there is no overall strategic vision for environmental mainstreaming.

⁹ For all focus papers, see: <https://www.entwicklung.at/en/media-centre/publications/strategies-for-implementing-focus-papers/>.

¹⁰ The three-year programme outlines the importance of partnerships with developing countries and territories being “based on ownership, mutual accountability and inclusion” and refers to the other principles of effective development co-operation.

¹¹ See the Ministry of Finance website: <https://english.bmf.gv.at/budget-economic-policy/Austria-and-the-International-Financial-Institutions.html>.

3

Austria's financing for development

This chapter looks at Austria's official development assistance (ODA) figures, including the overall level and components of aid, the level of bilateral and multilateral aid, and geographic and sector allocations of bilateral aid. In line with commitments in the Addis Ababa Action Agenda and the emerging concept of total official support for sustainable development, it also looks at Austria's efforts to mobilise finance for sustainable development other than ODA.

It begins by reviewing Austria's ODA volumes and its efforts to meet domestic and international ODA targets. It then considers the extent to which Austria allocates bilateral aid according to its statement of intent and international commitments, as well as the effectiveness of Austria's use of multilateral aid channels. Finally, the chapter reviews financing for sustainable development, looking at how Austria promotes and catalyses development finance other than ODA.

In Brief

Austria's official development assistance (ODA) remains well below its commitment to spend 0.7% of gross national income (GNI) on development co-operation. Since the last review in 2015, no plan has been developed to meet this commitment and Austria continues to tie a significant proportion of its bilateral ODA. The quality of Austria's statistical reporting has improved, however.

Most of Austria's bilateral ODA is not programmed at the country or regional level and falls outside the scope of the three-year programme. The small share of ODA delivered as Austrian Development Cooperation aligns well with Austria's geographic priorities. However, greater geographic and thematic focus would increase impact in Austria's priority areas. ADC has strengthened efforts to integrate cross-cutting priorities into programming, especially gender.

Austria prioritises working through the multilateral system, and core and assessed contributions to multilateral organisations comprise a significant portion of its budget. A few organisations – the European Union institutions and World Bank – together receive almost half of Austria's total ODA. Given that Austria is a relatively small donor, prioritising multilateral channels is a rational approach. Austria also channels additional bilateral funding through multilateral organisations in line with its priorities.

Austria's approach to private sector development has improved, with a stronger focus on supporting an enabling environment for private sector growth, and efforts to ensure a greater development perspective across its initiatives. Austria could step up its efforts to support domestic resource mobilisation and could do more to reduce the high cost of remittances.

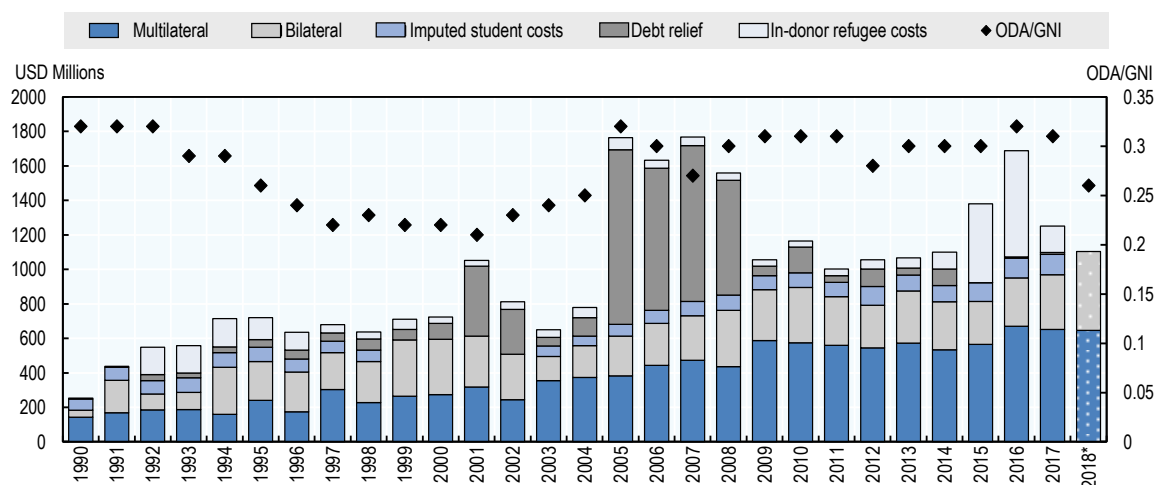
Overall ODA volume

Austria still lacks a plan to meet its ODA-GNI commitment

Austria maintains its commitment to spend 0.7% of gross national income (GNI) on official development assistance;¹ however, the volume and share of its ODA dropped from USD 1.38 billion (0.35% of GNI) in 2015 to USD 1.10 billion (0.26%) in 2018 on a net flows basis (2017 constant prices).² While in-country refugee costs contributed to higher reported spending in 2015-16, and therefore account for much of this drop,³ Austria's ODA as a share of GNI is now at its lowest level since 2004 (Figure 3.1). Aid to least developed countries (LDCs) amounted to 23.4% of total ODA and 0.07% of national income in 2017 (Table B.7, Annex B), well below the United Nations target of providing between 0.15% and 0.20% of national income to LDCs, and also below the European Union (0.12%) and DAC (0.09%) averages.⁴

The last peer review in 2015 commended Austria's commitment to develop a binding roadmap to meet its 0.7% target (OECD, 2015^[1]); however no plan has been established. While the current Three-Year Programme for Austrian Development Policy reiterates Austria's commitment, it fails to provide interim targets or a clear plan to achieve this commitment.⁵ The inclusion of debt relief (e.g. for Sudan) in forecasts published in the three-year programme has also tended to inflate figures.⁶ Developing a longer-term plan (e.g. up to 2030) with interim targets and clear directives that encompass all ministries' ODA contributions would help Austria to increase its ODA. Increasing the volume of funding that is country programmable and targets priority countries and territories would help make Austrian ODA more effective and efficient.

Figure 3.1. The volume and composition of Austrian ODA fluctuate



Note: "Bilateral" includes all other types of bilateral ODA not disaggregated in the figure. "Bilateral" for 2018 is not disaggregated by imputed student costs, debt relief or refugee costs. *: preliminary

Source: Based on data from (OECD, 2019^[2]), Creditor Reporting System, <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>

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The quality of statistical reporting has improved

The Austrian Development Agency (ADA) is responsible for collecting the ODA data of all contributing ministries, agencies and actors. This is reported to the OECD by the Federal Ministry of Europe, Integration and Foreign Affairs (Ministry of Foreign Affairs, MFA). While the timeliness and completeness of Austria's reporting have returned to their previously strong levels, the information provided could be improved by avoiding repetition between long and short descriptions – i.e. only using long descriptions to provide additional project information (OECD, 2019^[3]).

Austria performs very well in providing retrospective data to the OECD, and performs well in terms of its forward-spending survey (OECD, 2019^[4]). However, it could still improve the transparency of ODA-funded activities (Chapter 5). This is an important part of Austria's commitment, frequently cited in policy documents, to the Busan Principles for effective development co-operation (Fourth High-level Forum on Aid Effectiveness, 2011^[5]).

Austria continues to tie a significant portion of its aid

Successive peer reviews have recommended that Austria address the high share of its ODA that is tied (OECD, 2004^[6]) (OECD, 2009^[7]) (OECD, 2015^[11]) (OECD, 2017^[8]). Overall, the share of Austria's bilateral ODA that is untied increased from 36.4% in 2015 to 50.1% in 2017 (OECD, 2018^[9]), yet this is still significantly below the DAC average (82.1%). Austria performs especially poorly on the DAC Recommendation on Untying Official Development Assistance [OECD/LEGAL/5015], which covers ODA to LDCs and other heavily indebted poor countries (HIPC) (OECD, 2014^[10]). Only 26.9% of Austria's ODA covered by the recommendation was untied in 2016 (OECD, 2018^[9]), increasing to 62.4% in 2017 yet still well below the DAC country average of 90.5% (OECD, 2019^[2]). This was due to the smaller amounts of tied soft loan finance provided by Austria in 2017.

In 2017, USD 226 million of Austria's total USD 452 million in bilateral ODA (excluding administrative and in-donor refugee costs) was tied, with imputed student costs accounting for around half of this. Almost all ODA reported as tied and covered by the DAC Recommendation on Untying ODA was provided by the

Ministry of Finance in the form of interest subsidies, with much smaller amounts provided as grants by the *Länder* and ADA.⁷ These interest subsidies – USD 60.3 million over 2016-17 – are part of Austria's export promotion system, administered by the export credit agency under the *Oesterreichische Kontrollbank* (OeKB). Also referred to as mixed credits, they have the effect of softening the terms of loans to LDCs and HIPC⁸ and aim to assist Austrian businesses to enter markets.

Tying aid in this way risks preventing recipient countries and territories from receiving good value for money, a concern raised during the review team's visit to Kosovo (Annex C).⁹ If Austria continues to provide interest subsidies and report them as part of its ODA, it will need to increase significantly the other elements of its ODA that have development as the primary objective, such as country programmable aid, in order to address its weak performance under the recommendation.¹⁰

Bilateral ODA allocations

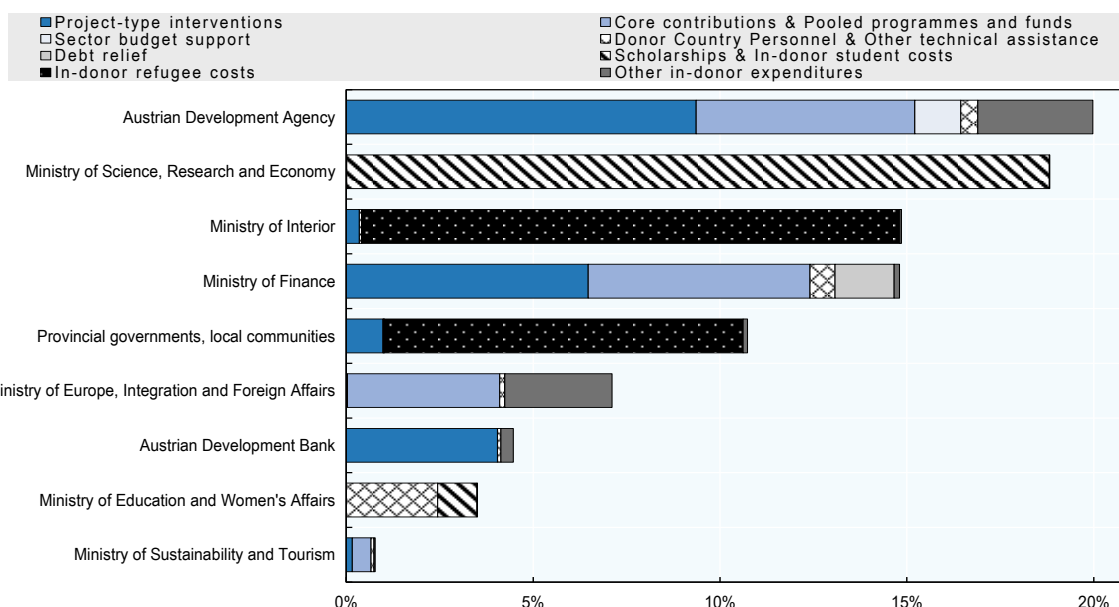
Most ODA is not programmed with partner countries

Both the volume and composition of Austria's bilateral ODA have tended to fluctuate, reflecting the high share of bilateral assistance not managed by Austrian Development Cooperation. Only a small share of Austria's total reported bilateral ODA is delivered in priority countries and territories (Figure 3.2).

In 2018, USD 487 million (41% of Austria's net ODA disbursements) was provided as bilateral assistance, down from USD 600 million (48%) in 2017 (preliminary figure in constant prices, 2017). While Austria has made some progress in increasing the share of country programmable aid – reaching 13% of bilateral ODA, or USD 74.8 million in 2017 – compared to USD 69.5 million (8.5%) in 2015 (constant prices, 2017), this is still significantly below the DAC country average of 48% and below Austria's levels prior to the increase in refugee costs (OECD, 2019^[4]) (OECD, 2019^[2]).¹¹ Imputed student costs and in-country refugee costs comprised almost half of total bilateral ODA in 2017 (45.3%), despite refugee costs falling 75% between 2016 and 2017. Debt relief, previously a large share of Austria's ODA, has significantly declined in recent years (Figure 3.1).¹²

While the Austrian Development Agency and Ministry of Foreign Affairs are responsible for most programmable ODA, they together contributed only 27% of total bilateral commitments in 2017, with another eight institutions contributing to bilateral ODA. The Ministry of Science, Research and Economy was responsible for 18.8% of commitments (scholarships and imputed student costs), the Ministry of Interior for 14.9% (largely in-donor refugee costs), and the Ministry of Finance for 14.8% (primarily debt relief, bilateral ODA channelled through pooled programmes and funds, and project type interventions). The Austrian Development Bank (4.8%) and the Ministry of Education and Women's Affairs (3.5% for *KulturKontakt*, an education exchange programme) also made relevant commitments. The *Länder* and local governments were responsible for a further 10.7% (in-donor refugee costs and funding for non-government organisations).

Figure 3.2. Many institutions contribute to Austria's bilateral ODA



Note: 2017 commitments. "Other in-donor expenditures" includes Administrative costs not included elsewhere and Development awareness. Only institutions responsible for at least 0.5% of total bilateral ODA are included.

Source: Based on data from the OECD Creditor Reporting System (OECD, 2019^[2]).

StatLink  <https://doi.org/10.1787/888934084494>

Only ADC's geographic allocations tend to reflect priorities

Poverty reduction is one of the key objectives of Austria's development assistance, as stated in both the act and successive three-year programmes. The share of bilateral ODA going to LDCs and other low-income countries remains low, and has declined in recent years.¹³ In 2017, Austria provided USD 63 million of bilateral ODA to LDCs – 20% of total bilateral ODA allocable by income group – similar to 2015 levels but down from USD 90 million (29%) in 2009 (Table B.3, Annex B) (OECD, 2009^[7]). Most bilateral ODA continues to go to middle-income countries (80% in total), with upper middle-income countries receiving the highest share (46%) in 2017.

Only a small share of total bilateral ODA, mostly funding allocated by MFA and delivered by ADA as Austrian Development Cooperation (ADC), is channelled to Austria's priority countries. In 2017, 8 of ADC's 11 priority countries and territories were among the top 10 recipients of ADA funding. Uganda received the highest share, at USD 10.6 million (10.7% of ADA funding), followed by Ethiopia at USD 8 million (8%) and Burkina Faso at USD 5 million (5%). ADA's country programmable aid is especially aligned with the geographic priorities in the three-year programmes. In 2017, all of ADC's 11 priority countries and territories were among the highest recipients of country programmable aid (OECD, 2019^[2]).

Overall, however, Austria's ODA went to a total of 118 recipients in 2017, with only 13% of Austria's total bilateral ODA provided to priority countries and territories.¹⁴ While around a quarter (26.9%) of bilateral ODA went to Austria's top 10 recipients in 2017 (OECD, 2019^[4]), only 3 of these were among the priority partner countries defined in the three-year programme – Albania, Ethiopia and Uganda (ADC, 2016^[11]). Further, while crisis-affected regions and fragile states are a geographic priority of the programme, Austria does not have a budget dedicated to fragility and stabilisation, and fragile countries received only 20% of gross bilateral ODA in 2017 (Chapter 7). The largest share of total bilateral ODA continues to be allocated

to countries and territories in eastern and southern Europe (USD 145.6 million in 2017), in line with Austria's focus on its immediate neighbourhood (OECD, 2015^[1]).¹⁵

Despite Austria's commitment to strengthening partner systems, a falling share of bilateral ODA is disbursed using government channels (Chapter 5). In 2017, Austria channelled 39.8% of gross bilateral ODA through public sector institutions, down from 69.2% in 2016; 21.6% was channelled through universities or other teaching and research institutions and 15.5% through non-government organisations. Only 4.3% was channelled through private sector institutions.

Austria's small programmable budget needs greater focus on core themes

The array of priorities expressed in the three-year programme are reflected in Austria's sectoral allocations. In 2017, excluding imputed student costs and in-donor refugee costs, USD 38 million (around 11.6%) of bilateral ODA disbursements targeted education in developing countries, one of the thematic priorities listed in the current and previous three-year programmes (ADC, 2016^[11]) and a priority sector in several country strategies. A further 8.5% targeted government and civil society, with the remainder spread thinly across a range of sectors.¹⁶ In all, 8.5% of ODA was unallocated by sector. Humanitarian assistance, which has increased steadily over the last few years, reached USD 54.8 million in 2017, amounting to 8.6% of bilateral ODA (Chapter 7).

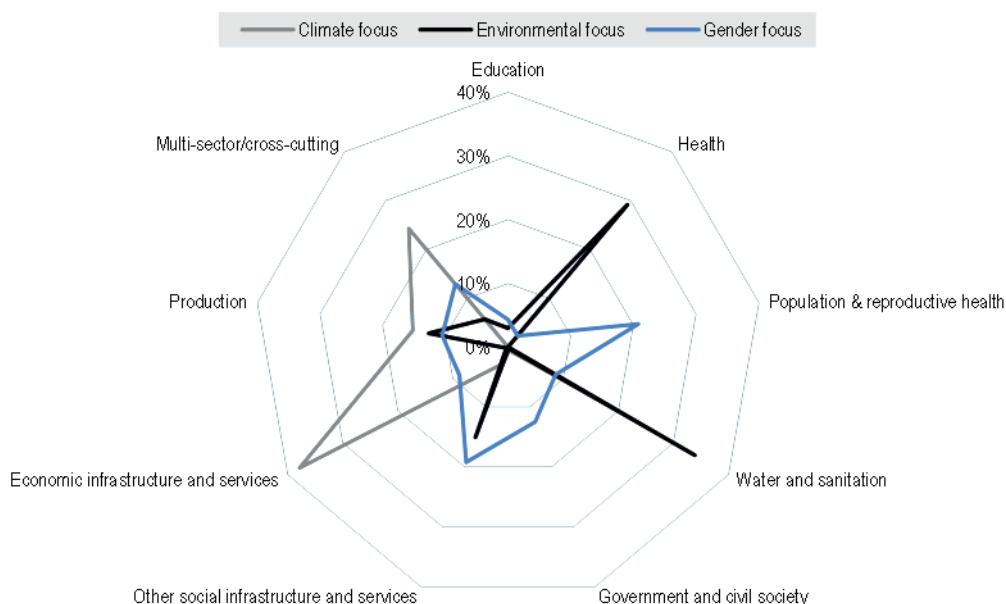
ADA's allocations alone covered more than 10 different sectors in 2017, including government and civil society (15.7%), agriculture (11.9%), water supply and sanitation (8.3%), education (6.4%), and energy (3.6%). At the country level, ADA's engagement is more focused and reflects country strategy priorities, which tend to be based on its historical engagement with partners.¹⁷ Nevertheless, given its small programmable budget, focusing on fewer sectors relevant to Austria's core areas of expertise and ensuring co-ordination among the various ODA-contributing actors could increase impact in priority sectors and countries. While most ADA expenditure occurs in priority countries and territories, greater thematic focus should be considered in light of ADA's capacity constraints (Chapter 4). This is particularly relevant where pressure exists to move into new areas, e.g. as a result of delegated co-operation opportunities.

Austria is strengthening efforts to integrate cross-cutting priorities into sectoral programming

Gender and women's empowerment are priorities in the current programme, and in 2017 USD 116 million of bilateral ODA had gender equality and women's empowerment as a principal or significant objective, amounting to 40% of gross bilateral allocable aid (OECD, 2019^[4]). This is a decrease from 45% in 2016 due to Austria's strengthened reporting, and above the DAC average of 36%. Allocable ODA supporting the environment increased to 35% in 2017, from 27% in 2016. Support for climate also increased, up to 24% in 2017 from 18% in 2016 (OECD, 2019^[4]). Austria's support for climate was most prominent in the economic infrastructure and services sectors, and for environment in the health and water and sanitation sectors (Figure 3.3).

Figure 3.3. Cross-cutting themes are more integrated in some sectors than others

Policy focus of Austria's bilateral ODA commitments by sector, 2017



Source: Developed from data published in (OECD, 2019^[41]), *Development Co-operation Profiles*, <https://dx.doi.org/10.1787/2dcf1367-en>.

StatLink  <https://doi.org/10.1787/888934084513>

Multilateral ODA allocations

Core multilateral funding is a consistently large share of Austrian ODA

In 2018, USD 688 million (59%) of Austria's total ODA was provided as core funding to multilateral organisations, significantly above the DAC average (26%) and up from 52% in 2017. While five different federal ministries were responsible for providing core contributions in 2017, the Ministry of Finance, which manages Austria's contributions to international financial institutions, provided the greatest share (93%), as in previous years.

Most core contributions go to the European Union (EU) institutions and the World Bank, which received 52% and 29% of total core funding in 2017, respectively.¹⁸ In addition, Austria channels significant amounts to several regional development banks, notably the African Development Fund (USD 47 million in core and capital subscriptions in 2017) and the Asian Infrastructure Investment Bank (USD 16 million; Table B.2, Annex B). Austria seeks to maintain its shareholding in multilateral development banks and its contributions to replenishment are enshrined in law, ensuring the funding is predictable.¹⁹ Austria is also a strong supporter of the Global Environment Facility, providing USD 14 million in 2017. The MFA manages contributions to EU development co-operation and the remaining funds are managed by the Ministry of Finance.

Figure 3.4. Most core multilateral funding goes to the European Union and World Bank

2017 disbursements, USD millions



Note: "Other multilateral institutions" includes contributions mainly to the Global Environment Facility, Green Climate Fund, and the Organisation for Security and Co-operation in Europe. IDA-HIPCs refers to the World Bank International Development Association's Heavily Indebted Poor Countries Debt Initiative Trust Fund. Not labelled is the World Trade Organisation (USD 225 000).

Source: Based on data reported to the OECD Creditor Reporting System (OECD, 2019^[2]), <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>.

StatLink  <https://doi.org/10.1787/888934084532>

The Ministry of Foreign Affairs is responsible for managing most of Austria's funding for the United Nations system, contributing USD 24 million (3.6% of Austria's core contributions) in 2017. This funding tends to be fragmented, with small amounts going to several different agencies. The Federal Ministry of Sustainability and Tourism provided funding to the United Nations Food and Agriculture Organisation, and to various climate-related organisations, including the Green Climate Fund and the Multilateral Fund to support implementation of the Montreal Protocol.

Austria's multi-bi funding reflects its priorities

In addition to its high share of core multilateral funding, Austria channelled USD 108.6 million, amounting to 18% of bilateral ODA, through multilateral organisations in 2017 (known as multi-bi funding). This continues the steady increase over the past several years, partly reflecting Austria's increased funding targeting refugees and migration. In 2017, significant contributions were made to the sub-window for refugees of the World Bank's International Development Association and to several European Union Trust Funds related to migration (Chapter 7). The World Bank's International Bank for Reconstruction and Development, United Nations Development Programme, European Bank for Reconstruction and Development and the Office of the United Nations High Commissioner for Refugees received the largest shares of Austria's non-core funding in 2017, after the European Commission.

Financing for development

Austria is working to mobilise additional development finance

Austria is committed to implementing the Addis Ababa Action Agenda on financing for development, and is stepping up efforts to mobilise additional development finance through a broad range of instruments. In 2017, ADA and Austria's development finance institution, the Development Bank of Austria (OeEB), mobilised USD 58.9 million from the private sector – a sharp increase over previous years (OECD, 2019^[4]). While most of these funds target middle-income countries (OeEB, 2019^[12]), a growing share (23%) targeted LDCs in 2017.

OeEB, established in 2008, provides both ODA and other official flows and states that none of its activities is tied to Austrian businesses. In 2018, its overall portfolio reached EUR 1.19 billion. It uses a range of instruments to mobilise finance, including shares in collective investment vehicles, syndicated loans, and direct investment in companies and special investment vehicles. OeEB also offers technical assistance. It recently set an internal target of investing at least 40% of new business in climate-related projects over 2019-23. In addition to renewable energy and micro, small and medium-sized enterprises, it added infrastructure to its thematic areas in 2019, with a focus on private, economic infrastructure (OeEB, 2019^[12]). OeEB seeks to co-operate closely with other European development banks via the European Development Finance Institutions (OeEB, 2019^[12]). Recent efforts to consider innovative or new approaches to mobilising finance for development, such as by engaging pension funds, are also promising.

Private sector development is among ADC's priorities and ADA's approach focuses on supporting the enabling environment for private sector development in partner countries. This is good practice. In addition, ADA engages in co-financing with the private sector through the Business Partnerships programme, which targets enterprises in Austria and the European Economic Area seeking to engage in developing and transition countries (ADA, 2013^[13]). Available support includes business grants for up to three years, funding for feasibility studies and larger scale strategic alliances for projects covering more than one country.

Better linkages among the various parts of the system supporting private sector development, which are often active in the same country, would strengthen Austria's approach. Recent efforts to create the Austrian-African Small and Medium Enterprise Facility, a new form of funding that fills the gap between the Business Partnerships programme and OeEB's larger funding modalities, are promising. In strengthening Austria's approach, particularly in LDCs, it will be important to continue to assess levels of risk appetite and seek complementarities across the range of Austrian actors and instruments (Chapter 4).

Austria could increase its support to domestic resource mobilisation

Austria has hosted one of the six OECD Multilateral Tax Centres since 1992, and funds the in-country costs for training course participants from developing countries and territories in Eastern Europe and Central Asia, as well as Africa and East Asia. Austria is not a member of the Addis Tax Initiative, which aims to enhance domestic revenue mobilisation in partner countries. Austria could complement its support for private sector development and investment in developing countries and territories with greater support to domestic resource mobilisation. In 2017, its support for domestic revenue mobilisation was just USD 196 000. Austria continues to request tax exemptions in partner countries, unlike some other DAC members.

Austria could also do more to reduce the cost of sending remittances, in line with the Sustainable Development Goal target to reduce to less than 3% the transaction costs of migrant remittances by 2030. According to the World Bank, remittance outflows from Austria totalled USD 5.5 billion in 2017. For all Austria's main remittance-receiving economies – Bosnia and Herzegovina, Croatia, Hungary, Kosovo,

Serbia and Turkey – the average cost of sending remittances remained above 5% in 2019 (World Bank, 2019_[14]).²⁰

Austria's tracking and reporting of non-ODA flows have improved

Austria is one of only 14 DAC members to fulfil the requirement to report on officially supported export credits (OECD, 2019_[3]). Data from ADA and OeEB on amounts mobilised are now fully integrated into Austria's data submission to the OECD. Austria's engagement with this statistical reporting has improved and mobilisation data are now of a high quality and have good coverage. The 2018 mobilisation data set has also been screened against various international objectives, such as gender equality and climate change mitigation and adaptation, which is good practice.

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Notes

¹ The previous government's programme restated Austria's commitment to reach 0.7% (Government of Austria, 2017^[15]).

² 2018 data are preliminary. For comparability, the figures cited reflect the "cash-flow" methodology in use prior to 2019, rather than the new "grant-equivalent" methodology. See: <http://www.oecd.org/newsroom/development-aid-drops-in-2018-especially-to-neediest-countries.htm>.

³ Austria's significant expenditure on in-country refugee costs in 2015-16 declined to 12.2% of total ODA in 2017. Based on preliminary figures, this fell further to 5.4% of total ODA in 2018.

⁴ Member States of the European Union (EU) committed to collectively provide ODA amounting to between 0.15% and 0.20% of EU gross national income to LDCs in the short term, and 0.20% by 2030. In 2017, the EU's collective ODA to LDCs grew to 0.12% of GNI (European Commission, 2019^[22]).

⁵ The current Three-Year Programme for 2019-21 provides a forecast for 2017 to 2022, but notes that since the financial framework for 2021 onwards is not yet set, the figures could be higher or lower (MFA, 2019^[16]).

⁶ For example, in the 2015-18 Three-Year Programme, debt relief for Sudan was included in the forecasts for the years 2016, 2017 and 2018. In the 2017 update, this was pushed back further to 2018, 2019. In the current three-year programme, published in 2019, it was included for 2018, 2019 and 2020, yet as of mid-2019 Sudan remains ineligible (IMF, 2019^[19]). This has the general effect of artificially inflating Austria's projections.

⁷ These tied grants were provided mostly in the education and health sectors, in Uganda, Gambia, and Cameroon, among several other countries (OECD, 2019^[2]).

⁸ Borrowers under these loans are usually the ministries of finance, other ministries or designated banks in the recipient countries. These loans are used to finance public sector projects (not private sector projects), e.g. for public hospitals/medical equipment, vocational training centres or public transport. Under the OECD Arrangement (OECD, 2019^[18]), concessionality must be between 35% and 80%, with a minimum of 50% for LDCs. According to the Ministry of Finance, the minimum concessionality level for Austria is 35%, and 50% for LDCs (OeKB, 2019^[26]).

⁹ Untying ODA removes barriers to open competition for ODA-funded procurement, thereby reducing project costs and increasing efficiency (OECD, 2018^[9]). Untying aid is also generally seen as increasing aid effectiveness, by improving the ability of partner countries to set their own course (Clay, Geddes and Natali, 2009^[21]).

¹⁰ Austria is one of just two DAC members to have provided interest subsidies in 2017. The links between development objectives and officially supported export credits remains contested (Lammersen and Owen, 2001^[23]), (Fritz and Raza, 2017^[20]). The 1992/3 peer review also recommended that concessional export credit activities that are reported as ODA should be more closely integrated with aid activities, e.g. through their inclusion in country programming, to achieve a coherent strategy (OECD, 1993^[24]).

¹¹ For example, 15% in 2012 and 20% in 2009.

¹² The share of debt relief has significantly declined from historical levels, averaging 37% of bilateral ODA in the period 2001-12, and now just 6% in 2013-17.

¹³ Total ODA to other low-income countries declined from USD 641 000 in 2009 to USD 418 000 in 2017 (2017 constant prices) (OECD, 2019^[2]).

¹⁴ Turkey is by far the biggest recipient of Austria's bilateral ODA, receiving USD 41 million on average a year over 2016-17, with the largest shares provided by the Ministries for Science, Research and Economy (imputed student costs), Foreign Affairs (the EU Facility for Refugees in Turkey), and for Education and Women's Affairs (tied technical assistance). Bosnia and Herzegovina (USD 20 million per year) and Ukraine (USD 14 million per year) were the second highest recipients, with imputed student costs comprising the largest share in each (OECD, 2019^[2]).

¹⁵ Smaller amounts were allocated to sub-Saharan Africa (USD 73.2 million), South and Central Asia (USD 45.6 million) and the Middle East (USD 42.5 million).

¹⁶ This included health and population policies (3.2%), water and sanitation (2.7%), government and civil society (5.7%), energy (3.9%), agriculture (3.7%) and humanitarian aid (8.6%), with several ministries often active in each.

¹⁷ For example, in Uganda where ADA was responsible for 78% of Austria's ODA expenditure in 2017, funding covered five main sectors, with most going to just two: water supply and sanitation (33.8%), and government and civil society (52.1%). In some smaller sectors, e.g. agriculture, several different parts of the Austrian system were active.

¹⁸ The World Bank figure does not include the International Development Association's Heavily Indebted Poor Countries Initiative (IDA-HIPC), which accounted for a further 0.9% of Austria's core contributions in 2017.

¹⁹ Unlike its bilateral funding, Austria's contributions to international financial institutions are enshrined in law and are therefore more binding on the Ministry of Finance than the various contributions by other ministries to Austria's total ODA budget. See for example (Government of Austria, 2017^[17]).

²⁰ Based on figures published in the World Bank's Remittance Prices Worldwide database, second quarter 2019, with costs calculated based on the transfer of EUR 140, the average cost of sending remittances from Austria to Bosnia and Herzegovina is 7.1%; Croatia, 5.5%; Hungary 5.3%; Kosovo 6.2%; Serbia 6.5% and Turkey 5%. According to the World Bank, remittance outflows totalled USD 5.5 billion and accounted for around 1.3% of Austrian gross domestic product in 2017 (World Bank, 2018^[25]).

4

Austria's structure and systems

This chapter considers whether Austria's institutional arrangements support its development co-operation objectives. It focuses on the system as a whole and assesses whether Austria has the necessary capabilities in place to deliver its development co-operation effectively and to contribute to sustainable development.

The chapter begins by looking at authority, mandate and co-ordination, assessing whether responsibility for development co-operation is clearly defined, and whether the system is well co-ordinated and led with clear, complementary mandates, as part of a whole-of-government approach – at headquarters and in partner countries. It then focuses on systems, and whether Austria has clear and relevant processes and mechanisms in place. Finally, it explores capacity across the Austrian development co-operation system, considering whether Austria has the necessary skills and knowledge where needed to manage and deliver its development co-operation, and the effectiveness of its human resources management system.

In Brief

The Federal Ministry of Europe, Integration and Foreign Affairs leads on Austria's development policy and includes a broad range of stakeholders in the process of developing each three-year programme. But the ministry is not empowered to lead Austria's official development assistance (ODA) and is only responsible and accountable for its own ODA activities and those of the Austrian Development Agency. Other Austrian development actors exercise authority, responsibility and accountability over their own activities. Austria's five thematic priorities lend a degree of coherence, but achieving a coherent geographic focus is challenging. Greater efforts are needed to achieve a whole-of-government approach. Broadening the mandate of the Co-ordination Offices might help to improve coherence and complementarity in Austria's priority partner countries and territories.

Austria's main development actors have the necessary systems in place to decide, procure, contract and ensure the quality of development co-operation activities. Austria is making efforts to address the lack of systematic and dynamic risk management in its activities. While there is a comprehensive process in place to manage internal corruption risks, more is needed to manage external, contextual corruption risks. Innovation remains a work in progress.

Austria has increased the number of staff in the main institutions delivering development co-operation. In particular, Austrian Development Cooperation, which is managed by ADA, is respected for the quality and commitment of its staff at headquarters and in the field. Greater devolution of responsibility to the field is clearly needed and Austria would benefit from greater investment in the capabilities of its development staff. Locally engaged staff face particular challenges, including terms and conditions of employment, and training.

Authority, mandate and co-ordination

Austria's fragmented development co-operation system lacks co-ordination

The Federal Ministry of Europe, Integration and Foreign Affairs (Ministry of Foreign Affairs, or MFA) is responsible for leading and, drawing up in agreement with the Federal Ministry of Finance, the three-year programmes on Austria's development policy (Government of Austria, 2002^[1]). The MFA included a broad range of stakeholders in developing the three-year programme for 2019-2021 (MFA, 2019^[2]). While this achieves buy-in to the policy by these actors, it does not guarantee that they will apply it in their official development assistance (ODA) activities (Chapter 2).

In the Austrian development co-operation system, the Ministry of Foreign Affairs is not empowered to co-ordinate the development co-operation activities of other development actors. There is no single ODA budget appropriation. Responsibility and accountability for development co-operation sits with individual development actors (Annex D), each of which has their own mandate and budget, and are therefore able to operate independently.¹ The Ministry of Foreign Affairs only exercises leadership, responsibility and accountability over its own ODA activities and those of the Austrian Development Agency (ADA), including ADA's management of Austrian Development Cooperation (ADC) (Chapter 2).²

Austria's Federal Act on Development Cooperation (Government of Austria, 2002^[1]) requires that ODA provided by the Federal Government aligns with the act's three objectives and four principles of development policy (Chapter 2), and with the guidelines of the three-year programme on development

policy. However, this does not lead to a coherent, co-ordinated approach to Austria's ODA, as each of the last three Development Assistance Committee (DAC) peer reviews has pointed out (OECD, 2004^[3]) (OECD, 2009^[4]) (OECD, 2015^[5]).

The five thematic priorities of the current three-year programme (Chapter 2) apply directly to Austrian Development Cooperation and thus to the Ministry of Foreign Affairs and the Austrian Development Agency. The document notes that other ministries implement the thematic and geographic priorities "within their own purview" and an annex lists fields of activity agreed to by all stakeholders (MFA, 2019^[2]). This serves to broaden rather than concentrate the sectors supported by Austria (Chapters 2 and 3).

Achieving a whole-of-government approach in priority countries is challenging

In its recent three-year programmes, Austria "aims to act coherently in a whole-of-government approach" (MFA, 2019^[2]). Despite the differing mandates, priorities and financing instruments of its development actors, Austria is achieving a degree of coherence around its five thematic priorities. This is assisted by reciprocal participation of staff on supervisory boards and committees of the Austrian Development Agency, the Development Bank of Austria (OeEB) and the Oesterreichische Kontrollbank AG (the export credit agency, OeKB),³ and through regular, informal exchanges amongst staff of the key development organisations (MFA, 2019^[6]).

Achieving a coherent geographic focus is proving more difficult, however. Austrian Development Cooperation focuses on the 11 priority countries and territories and key regions specified in the three-year programme. However, these priorities are not necessarily a good match for other Austrian actors (Chapter 3).⁴

In the previous three-year programme, Austria presented a whole-of-government approach in its 11 priority countries, territories and regions, stating its objectives, expected results, indicators and the actors Austria works with (MFA, 2016^[7]). This was updated in 2017 with an ODA matrix outlining which Austrian public actors are involved in regions and priority countries and territories and detailing links between activities in each thematic area and the Sustainable Development Goals (MFA, 2017^[8]). The Ministry of Foreign Affairs decided not to update the matrix annually and the current three-year programme does not repeat this approach. As a first step towards a coherent, whole-of-government approach, Austria might focus on coherence and complementarity in its priority countries and territories. This could be achieved by broadening the mandate of Co-ordination Offices from their current focus on Austrian Development Cooperation, enabling them to oversee and co-ordinate all of Austria's development assistance. This would require additional resources.

Systems

ADA and OeEB have systems in place to manage development co-operation

Table 4.1 outlines and assesses the relevant systems in place to implement ODA, and to encourage innovation and adaptability across Austria's development co-operation system.

The accreditation requirements with the European Commission (EC) in 2008 and the Green Climate Fund in 2018 have led to systems improvements in ADA, such as the recently approved Environment, Gender and Social Impact Management System. The European Commission's latest pillar assessment in 2015 confirmed ADA's ability to undertake indirect management of European Commission-funded activities.⁵ Such improvements benefit Austrian Development Co-operation and enhance ADA's readiness to engage in delegated co-operation with the EC, the Green Climate Fund and other donors. However, concerns were raised in Kosovo over the constraints imposed by ADA's limited ability to commit funds for longer periods,

which may limit Austria's ability to enter into common frameworks with donors used to longer-term investments (Annex C).

Table 4.1. Assessment of Austria's development co-operation systems

	Yes	No	Comment
Clear and transparent processes and procedures are in place to make decisions on:			
• Programming	●		<p>▲ ADC programming based on three-year programme; programme/project cycle management is systematic.</p> <p>▲ MFA, FMF, OeEB and OeKB have specific mandates and apply clear processes and procedures.</p> <p>▼ Annual approval required for ADA work plan; ADA and ADC Co-ordination Offices have limited financial authority.</p>
• policies (Chapter 2)	●		▲ Each stakeholder sets its own policies and strategies.
• partnerships (Chapters 2 and 5)	●		▲ Each stakeholder has its rationale and process for choosing partners.
Systems are in place to assure the quality of development co-operation, including:			
• audit	●		▲ Strict audit procedures applied by ADA, OeEB and OeKB; FMEIA and FMF rely on partners' audit function.
• mainstreaming cross-cutting issues (Chapter 2)	●		<p>▲ Environment, Gender and Social Impact Management System in ADA; OeEB uses International Finance Corporation environmental and social risk assessment.</p> <p>▼ Ensuring quality during implementation is challenging for ADA; OeEB developing a gender action plan. Consideration could be given to mainstreaming anti-corruption and other governance issues.</p>
Systems support the member to implement its policies and commitments in a fair and efficient way:			
• procurement	●		<p>▲ Rigorous approach applied by ADA, OeEB; Austrian legal requirements met by all.</p> <p>▼ OeKB soft loan financing is provided as tied aid credits.</p>
• Contracting	●		▲
• agreement-making	●		▲
Adequate and relevant systems and processes to assess and adapt to risks, including:			
• strategic	●		▲
• reputational	●		▲
• programming	●		● ADA introducing a new risk management system.
• Security	●		▲ ADA assesses risks to staff and partners.
• Corruption		●	<p>▲ Austria's anti-corruption strategy applies to all stakeholders; whistle-blower systems in place in ADA, OeEB and OeKB</p> <p>▼ Better management of external contextual risks is required; training on corruption risks is not always timely or comprehensive, for both staff and implementing partners</p>
• sexual exploitation, abuse and harassment		●	<p>▲ Harassment implicitly included in codes of conduct.</p> <p>▼ Codes of conduct do not address sexual exploitation and abuse.</p>
Innovation and adaptation			
• The leadership and internal system promote a culture of experimentation and adaptability to changes in the development landscape		●	▼ Austria is conscious of changes in the development landscape; its recent focus has centred on responding to migration challenges rather than other challenges.
• Capabilities exist to introduce, encourage, measure and scale up innovation in development co-operation.		●	● Austria is open to innovation but achieving it remains a work in progress.

Note: Green triangles refer to good practice; orange circles point to areas where progress is being made but more could be done; red triangles refer to areas where progress is needed; ADC: Austrian Development Co-operation.

Source: developed by the OECD Secretariat following the structure of the DAC Peer Review Reference Guide, on the basis of documentation provided by the Austrian Development Agency (ADA), the Development Bank of Austria (OeEB), the Federal Ministry of Europe, Integration and Foreign Affairs (MFA), the Federal Ministry of Finance (FMF) and the Oesterreichische Kontrollbank AG (OeKB).

In developing its systems and procedures, OeEB draws on good practice by the Oesterreichische Kontrollbank AG (of which it is a wholly-owned subsidiary), the Association of bilateral European Development Finance Institutions and its members, and the International Finance Corporation.

Systems are in place for each ministry to manage decisions about, and financing of, multilateral and regional institutions. Austrian ministries rely on the systems and procedures of these institutions to procure, contract and ensure the quality of development co-operation activities.

Systems and procedures developed by ADA and the OeEB may well be appropriate for other Austrian development actors to use. For example, as OeEB develops its gender action plan, it could draw on ADA's updated approach to managing gender, while ADA's updated approach to risk management could prove useful for federal ministries, and provincial and local communities.

The new risk management framework will be more systematic and dynamic

Austria assesses risk when preparing country strategies and is committed to managing risk in the implementation of its development co-operation projects. It introduced analysis of the potential for conflict as early as 2006 (Chapter 7). The current system includes a number of risk management tools (such as risk matrices, partner assessments, etc.), but these are neither consistently nor systematically used. In Kosovo, for example, a mid-term review of the ADC Kosovo strategy revealed that half of all assessed projects did not contain risk and mitigation frameworks.

Austria is making efforts to address the lack of systematic and dynamic risk management in its activities. The planned roll-out of a new risk management system by the end of 2019 is an opportunity to better identify, assess, mitigate and report on risks. The revised general risk framework, which aims to balance opportunities with uncertainties and risks, requires early identification and assessment in the programme cycle of at least one, and up to eight, main risks, and their ongoing monitoring and reporting. The potential for this framework to better inform the management of risks will be highly dependent on guidance and training provided to staff. Further, given limited human and financial resources, it will be important to apply risk management and due diligence in a proportionate and pragmatic manner, focusing, for example, on those risks that could be the most detrimental to development.

Internal corruption is managed well, but external, contextual corruption risks need more attention

Corruption is a recurring risk. Austria places a particularly high premium on internal risk management. There is a strong focus on fiduciary and reputational risk management across Austria's development co-operation, and a number of mechanisms and tools to prevent and detect corruption have been adopted. These include codes of conduct; measures to prevent conflict of interest; training, audit and control mechanisms; partner appraisals; and reporting mechanisms.

In terms of detecting and reporting corruption, an Ombudsman and whistleblowing mechanism were introduced to ADA in 2016. Several training courses and internal and external awareness-raising measures accompanied this introduction, and these have also rolled out to other actors. Allegations of corruption have started to be reported through this system, but there is scope for improvement, and ongoing refinements will enable it to be more systematically, and exclusively, used in the future.

While internal corruption risks are comprehensively covered, the management of external, contextual corruption risks, such as sector or programme-specific risk management, could be improved. Political economy analysis, regular consultation of diagnostics and assessments produced by partner country

actors (e.g. findings and recommendations of the National Audit Office or the National Anti-Corruption Agency), greater donor co-ordination and active information sharing of corruption-related issues could be more systematically used (Annex C). This would help to ensure that Austrian development efforts mitigate corruption risks across sector programmes, fully capture the risks posed by the operating environment, and do not unintentionally fuel corrupt practices. Performing corruption risk assessments on all projects would also help to ensure that Austria's development projects and programmes are more efficient and effective.

Innovation is encouraged but not yet institutionalised

During its European Union Presidency in 2018, Austria focused on harnessing the opportunities of innovation and digitisation. This focus underpins the encouragement that Austrian development actors – particularly ADA and OeEB – give to their implementing partners to innovate. For example, ADA includes innovation as a criterion for its strategic partnerships with civil society organisations and businesses (Chapter 5). However, it is too early to measure the impact of Austria's support for innovation. In addition, moving from encouraging and creating space for innovation, as the agency does, to institutionalising innovation across Austrian Development Cooperation, is in the early stages.

Capabilities throughout the system

Development co-operation staff are respected for their professionalism despite a number of challenges

Austria has skilled and committed staff working in its development co-operation institutions. Co-ordination Office personnel are appreciated for their flexibility as well as their close and constructive collaboration with implementing partners, as seen in Kosovo (Annex C). Multilateral institutions consulted for this review also remarked on the professionalism and expertise of Austrian staff.

Since 2013, OeEB and ADA have increased their staff contingent significantly, bringing to 389.5 the number of full-time equivalents working on development co-operation (Table 4.2). The biggest growth in permanent staff numbers since 2013 has been in OeEB. ADA has significantly enhanced its field presence, hiring international and local project staff to enable it to implement a growing number of delegated co-operation projects. An additional ten experts are employed in Vienna, and the agency is also hiring trainees, bringing to 159 the number of full-time equivalent permanent staff. However, there is concern that the agency's administrative budget⁶ is insufficient to cover the costs of its growing responsibilities, such as for statistical reporting, the provision of services to federal ministries,⁷ and the strategic development of new business areas such as engagement with the Green Climate Fund. While increased delegated co-operation activities generate additional project related financial and human resources, it is not a way to substantially contribute to the core budget or increase technical expertise. In addition, as seen in Kosovo, budgetary constraints mean that ADA is not able to offer competitive terms and conditions of employment or invest properly in training locally engaged staff (Annex C). There are also limitations to what ADA can realistically achieve in humanitarian assistance: one staff member follows humanitarian issues but not full-time. This is a bottleneck for Austria given its growing focus on crisis contexts.

Table 4.2. Human resources dedicated to Austria's development co-operation

	Type of staff			2019	Percentage all institutions	2013	2009
Austrian Development Agency	Experts	Headquarters		93		83	87
		Field Offices	International staff	12		16	23
		Field Offices	Project staff (international)	8		-	-
		Field Offices	Project staff (local)	44		-	-
	Support	Field Offices		45		45	52
	Trainees	Headquarters		6		-	-
		Field Offices		3		-	-
	Total staff		↑	211	54.2%	129	162
Federal Ministry of Europe, Integration and Foreign Affairs	Experts and diplomats	Headquarters		24		22	21
	Trainees	Headquarters		4		3	2
	Support	Headquarters		9		8	10
	Total staff		↑	37	9.5%	33	24
Federal Ministry of Finance	Experts	Headquarters	Financial experts	13		10	10
		IFI Offices	IFI Board	3		-	-
			Experts in IFI	7		5	6
	Junior Professional Officers	World Bank		10		-	-
	Total staff		↑	33	8.5%	15	16
Development Bank of Austria	Experts	Headquarters		57		29	11
	Support	Headquarters		3		3	2
	Total staff		↑	60	15.4%	32	13
Other Austrian institutions (9)		Headquarters		41			
		Field Offices		7.5			
	Total staff		-	48.5	12.5%		
TOTAL				389.5	100	209	215

Note: "Other Austrian institutions" comprise the federal ministries of defence; digital and economic affairs; the interior; labour, social affairs, health and consumer protection; education, science and research; and sustainability and tourism; as well as the Federal Chancellery; the Austrian Economic Chamber and regional governments. Arrows indicate the extent to which staff numbers have increased in the four main institutions. IFI experts and World Bank Junior Professional Officers are financed by, but do not report directly to, the Ministry of Finance.

Source: OECD (2015), *OECD Development Co-operation Peer Reviews: Austria 2015*, <https://dx.doi.org/10.1787/9789264227958-en>; MFA (2019), *DAC Peer Review Memorandum*.

Managing many small and short-term projects, as is the case for Austrian Development Co-operation,⁸ creates administrative challenges.⁹ An evaluation of ADA in 2019 will be an opportunity to reflect on whether its institutional model is fit for purpose. In particular, it should consider the very limited financial responsibility devolved to Co-ordination Offices. If the Co-ordination Offices were mandated to oversee and co-ordinate a more coherent, whole-of-government approach, additional resources would clearly be required.

OeEB has doubled its number of experts at headquarters, reflecting its growing portfolio, and the Federal Ministry of Finance has increased its expertise in Vienna and in international financial institutions where it has also placed junior professional officers (Table 4.2).

While staff numbers in the Federal Ministry of Europe, Integration and Foreign Affairs have slightly increased, upcoming retirement of staff members with development expertise is expected to reduce capacity. The need for ministry staff to pass the general diplomatic entrance exam and legal constraints on hiring non-diplomats limit the ministry's ability to bring expertise into Division VII from other ministries and ADA.¹⁰ Lessons might be drawn from successful staff exchanges with France, Switzerland and the United Kingdom, and ad-hoc exchanges in preparation for Austria's roles as President of the European Union and Chair of the Organization for Security and Co-operation in Europe.

Staff management systems are in place but training opportunities are limited

The main institutions responsible for Austria's ODA each have human resource management systems in place to support induction and retention of staff. OeEB outsources aspects of human resource management to its parent company, the Oesterreichische Kontrollbank AG.

In the Ministry of Finance and the MFA there is a stronger focus on training of new recruits than on continuous skills development of existing staff. Young recruits participate in a one to two-year introductory training covering the broad range of activities undertaken by their respective ministries. They also participate in basic public service training provided by the Federal Academy for Public Management. As part of experiencing the variety of work undertaken by the Ministry of Finance, new recruits may spend time at the OeEB or the MFA. Before being confirmed as permanent staff, recruits have to pass the respective ministries' examinations. Following this, specific training is discussed as part of the performance review process, although opportunities for training are limited. Ministry staff are able to participate in training offered by the Federal Finance and Diplomatic Academies.

The OeEB and ADA primarily employ experts. Following introductory training, bank staff are able to access the Academic Training Academy of the Association of European Development Finance Institutions, and staff exchanges with other association members are currently being piloted. ADA develops an annual staff training catalogue based on identified training needs which is delivered in Vienna. Vienna-based staff can also participate in approved external training, for which ADA often pays. ADA's annual conference also includes a series of training opportunities for staff in Vienna and Heads of Co-operation Offices; these can also participate in training offered by the *learn4dev* network.¹¹ ADA recently collaborated with its German and Swiss counterparts to deliver seminars to staff and colleagues from ministries and civil society organisations.

ADA has also designed a training course on conflict sensitivity that is available on a voluntary basis to all its staff and partners. The course is also held in the field, such as in Kosovo. This is good practice, and there is scope to open up such training opportunities to Austria's embassy staff and make them mandatory, given the focus on conflict risk in Austria's programming (Chapter 7). ADA has also developed a series of focus papers on a broad range of topics relevant for development co-operation, including when working in fragile contexts.¹² These are good products that could be extended to humanitarian assistance and disseminated beyond ADA staff (ADA, 2019[9]).

Locally engaged staff face particular challenges, including skill building

The limited administrative resources available to ADA affect locally engaged staff in Co-operation Offices. As seen in Kosovo (Annex C), compared to the terms and conditions of employment for embassy staff (employed by the MFA) – such as medical cover for family members and the number of public holidays – locally engaged staff employed by ADA are worse off. It is difficult for colleagues in Vienna to represent the interests of locally engaged staff, as they are not part of the staff union. In addition, locally engaged staff salaries are not competitive with those offered by other donors, running the risk that staff may be enticed to leave.

Locally engaged staff in Co-operation Offices have limited opportunities for formal training and budgets are small. In Kosovo, for example, the EUR 500 annual training budget that was established when there was one staff member has not increased, despite a tripling in the number of local staff. Programme managers attend training weeks in Vienna every two years, as do administration and finance managers. Staff are able to participate in online training and webinars, and occasional additional formal training opportunities do arise. However, attendance needs to be weighed against the impact of absence on already heavy workloads. The former practice of holding regional meetings has been discontinued. Visitors from headquarters brief staff on recent developments and are able to provide informal training as time permits.

Limited access by locally engaged staff to the grant management system adds an additional burden. While full access (as is practised by many DAC members as part of decentralisation to their field offices) would bring efficiency gains, this should not mean an increase in staff's already heavy workloads.

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Notes

¹ Contributions overseen by the Ministry of Finance, including from the development bank and export credit agency, represented 56% of total ODA in 2017. Contributions of five other ministries, and the federal states (*Länder*) comprised 26.5%.

² In 2017, the activities of the Ministry of Foreign Affairs and the Austrian Development Agency – which are jointly responsible for Austrian Development Cooperation – comprised only 17.5% of total ODA disbursements, and just 27% of net bilateral ODA (MFA, 2019_[10]).

³ ADA's Supervisory Board is chaired by MFA and has representatives from MFA, the Federal Ministries of Finance, Sustainability and Tourism, Digital and Economic Affairs, Labour, Social Affairs, Health and Consumer Protection. The OeEB's Business Development Board includes representatives from ADA, MFA and the Federal Ministry of Finance. Representatives from ADA and MFA are represented on the Export Financing Committee. ADA's advisory committee for business partnerships projects includes representatives from MFA, OeEB, and the Austrian Federal Economic Chamber.

⁴ In 2016-17, 48% of ADA's projects were implemented in these 11 countries and territories and Ukraine (42% of ADA's disbursements). Just 1% of the OeEB's projects (5% of disbursements) were in Austria's priority countries and territories. The Federal Ministry of Finance funded 169 projects, 4% of which were in priority countries and territories (10% of disbursements), as were 17% of the 789 projects supported by provincial governments and local communities (1% of disbursements). Other ministries' support in partner countries and territories was significantly lower, averaging between 1 and 7%. The Oesterreichische Kontrollbank AG provides financing on concessional terms for a range of developing countries, but these do not include Albania, Bhutan, Burkina Faso, or Mozambique, all of which are priority countries.

⁵ Pillar assessments cover: internal control; accounting; independent external audit; provision of financing to third parties – grants, procurement and financial instruments; publication of information on recipients;

and protection of personal data. See https://ec.europa.eu/europeaid/funding/about-funding-and-procedures/audit-and-control/pillar-assessments_en.

⁶ ADA's administrative budget ranged from USD 10.2 million in 2016 to USD 12.1 million in 2015, averaging USD 11.3 million over the period 2014-17.

⁷ ADA reports having worked 2 000 hours providing services to five federal ministries in 2018.

⁸ In 2017, ADA provided USD 116.8 million to 683 projects, with an average expenditure of USD 171 010.

⁹ Faced with a similar situation, New Zealand pursued a progressive shift from small, administratively expensive aid projects to larger, higher impact, more comprehensive initiatives. Projects initially had to have a minimum value of USD 349 650 (NZD 500 000) (Ministry of Foreign Affairs and Trade, 2016^[11]). As a result New Zealand reduced the number of activities funded by 33% in 2012. Staff were further encouraged to focus on activities of greater value – more than USD 4.05 million (NZD 5 million) – programmed for at least five years (OECD, 2015^[12]).

¹⁰ While such exchanges can occur, they are rare. For example, the ministry occasionally calls on staff from ADA to provide it with capacity. MFA staff are able to apply to be the head of an ADC Co-ordination Office, returning to the ministry once their assignment has ended.

¹¹ ADA is one of 30 members of the *learn4dev* network. See <http://www.learn4dev.net/public/about>.

¹² See <https://www.entwicklung.at/en/media-centre/publications/strategies-for-implementing-focus-papers/>.

5

Austria's delivery modalities and partnerships

This chapter looks at the principles which guide Austria's partnership approach across its development portfolio, and how Austria uses its financial, diplomatic and technical resources in its global engagement and in partner countries. It assesses whether the approach and principles are consistent with Austria's development co-operation policy and international commitments on development effectiveness: ownership of development priorities by developing countries; a focus on results; inclusive development partnerships; and transparency and accountability to each other.

It begins by considering Austria's approach to partnerships for development co-operation with a range of actors, assessing whether they embody the development effectiveness principles. It then explores whether Austria's work in partner countries is in keeping with its domestic and international commitments to, and principles of, effective development co-operation.

In Brief

Austria works with a broad range of actors and is a predictable and flexible partner. It is committed to European Union joint programming and delegated co-operation, but makes limited use of programme-based approaches. Austria's partnerships are inclusive, but multi-stakeholder approaches and support for local civil society organisations are rare. Austria is not meeting its transparency commitment.

Austrian Development Cooperation country partnerships are founded on country ownership and use partner results and data as much as possible. However, little use is made of government systems and more effort is needed to be predictable, transparent and accountable to partner countries. Austria responds to partner needs using a range of delivery instruments and partners.

Effective partnerships

Austria offers predictability and flexibility to partners

Austrian development co-operation institutions engage with a broad range of actors – national and local governments, multilateral and regional institutions, civil society organisations, the private sector, think tanks, and academia – providing predictable and flexible funding in the short to medium-term (mostly up to three years). Austria emphasises results and financial accountability in its reporting requirements and encourages innovative approaches.

Austria provides core contributions and annual subscriptions to multilateral and regional institutions, mostly on an annual basis. Funds are transferred early in the financial year, which is good practice. Institutions spoken to for the peer review appreciate Austria's willingness to rely on their reporting systems but noted that multi-year contributions would provide them with more predictability.

Austria's non-core contributions and its approach to bilateral development co-operation projects provide multi-year predictability to implementing partners. As observed in Kosovo, implementing partners appreciate the flexibility and the close, constructive collaboration shown by staff of the Austrian Co-ordination Office and the Austrian Development Agency (ADA) (Annex C). Austria's programming process allows implementing partners to respond to change, such as following recent cyclone damage in Sofala province, Mozambique.

While the budget cycles of other Austrian development actors follow three-year planning cycles, ADA's work plan and budget requires annual approval by the Minister of Foreign Affairs. While this provides flexibility in responding to crises (Chapter 7), overall this appears to be an unnecessary constraint on ADA given that its work is subject to rigorous reporting and oversight mechanisms.¹ Annual approval does not directly affect partners with an existing project agreement as ADA is entitled to contract an amount totalling 60% of the current year's budget for the following year and another 40% for subsequent years. However, there is a risk that contracting, financing and commencement of new projects is delayed until the annual work plan and its accompanying budget are formally agreed, potentially reducing time for implementation in their first year.

Austria participates in EU joint programming but rarely uses programme-based approaches

Austria is committed to participating in European Union (EU) joint programming in its partner countries and territories. For example, rather than developing a separate strategy, Austria uses the 'European Joint Strategy in Support of Palestine', 2017-2020' (European Union, 2017^[1]). It is also open to either implementing or contributing to delegated co-operation arrangements with other donors.

While Austria contributes to basket funds, pooled funding mechanisms, and specific purpose programmes and funds managed by implementing partners – comprising 8% of bilateral official development assistance (ODA) projects in 2017 – it makes limited use of programme-based approaches in its bilateral ODA.² Austria has stopped providing general budget support and its support for two sector budget support programmes in Uganda is very much the exception at present. It lacks the capacity to establish and manage sector budget support programmes, and will not do so if other donors in a sector are unwilling to participate.

Despite inclusive partnerships, multi-stakeholder approaches and direct support for local civil society is rare

Austria values ownership, mutual accountability and inclusion. Its development partnerships are based on openness, trust and mutual respect (MFA, 2019^[2]). However, Austrian institutions mostly engage directly with development actors rather than seeking to develop multi-stakeholder partnerships; exceptions include business partnerships and strategic partnerships with civil society. For strategic alliances (one category of business partnerships), participation by civil society organisations and public institutions in projects, including their management, is considered as a criterion but is not compulsory (ADA, 2013^[3]). In assessing the quality of strategic partnerships with civil society, ADA considers whether they pursue a multi-stakeholder approach and whether relevant national and local actors, including the private sector, will participate (ADA, 2019^[4]).

Austrian Development Cooperation's default approach with civil society is to co-finance organisations located in Austria, which co-operate with a partner organisation in a developing country.³ Co-funding is provided up to a maximum of EUR 300 000 over two to three years. Austria also currently supports five framework programmes (minimum EUR 900 000 in total for three to four years) and five strategic partnerships (minimum EUR 2.5 million over five years) with Austrian NGOs (MFA, 2019^[5]). While this is in keeping with the Federal Act on Development Co-operation (Government of Austria, 2002^[6]), it limits Austria's ability to directly support local civil society. In 2017, funds were channelled from provincial governments, the Ministry of Sustainability and Tourism and ADA to just 31 projects implemented by local NGOs; by comparison, funds were channelled to 914 projects implemented by Austrian-based NGOs.

Austria is not meeting its transparency commitment

Austria needs to be much more transparent about its ODA if it is to be fully accountable to its public and partners, and to meet its commitments under the Busan Partnership for Effective Development Co-operation (4th High Level Forum on Aid Effectiveness, 2011^[7]).⁴ Austria's reporting to the OECD Creditor Reporting System is rated as "excellent", and its reporting to the OECD forward spending survey is rated as "good" (Chapter 3; Table 5.1). However, not all Austrian actors are achieving the same standard in their reporting and neither of these mechanisms are sufficient to provide Austrians or Austria's partners with the detailed information about development co-operation activities envisaged in the Busan partnership.⁵ Austria could consider joining organisations that advocate for and encourage greater transparency, as other Development Assistance Committee (DAC) members do.⁶

The Federal Development Co-operation Act requires the three-year programme to include details of any Federal Government contribution to ODA, the priorities for development co-operation and the funding to

achieve these. However, this requirement is not being met (Government of Austria, 2002_[6]).⁷ Ensuring that all discretionary activities of Federal Ministries reported as ODA – together with the projected budget – are included in the next three-year programme would strengthen transparency and improve co-ordination.⁸

The current three-year programme provides considerably less information than its predecessor. It focuses on Austrian Development Cooperation (ADC), which comprises a small percentage of bilateral ODA, but lacks details about Austria's multilateral co-operation and bilateral co-operation delivered outside ADC. Nor does it outline how other government actors engage in Austria's partner countries and territories, or the results that are expected to be achieved there (Chapter 6) (MFA, 2019_[2]). The annual ODA report is similarly lacking in detail about what ODA is being spent on. It does not offer information about individual projects, choosing instead to provide high-level information on ODA (MFA, 2019_[8]).⁹

ADA is the most transparent of the institutions delivering ODA, providing summary information online about all of its projects.¹⁰ As of 2018, ADA has committed to publishing a range of reports and assessments for projects exceeding EUR 2 million and programmes exceeding EUR 3 million and all interventions funded by the Green Climate Fund (ADA, 2018_[9]). However, there is clearly room for a much more transparent approach as this commitment only covers eight of the 683 projects ADA funded in 2017. By contrast, all strategic evaluation reports have now been published (Chapter 6). The Development Bank of Austria also provides summary information online about its projects.¹¹ Detailed information is not available on funding provided by any of the other Austrian institutions.

Country-level engagement

Country ownership is central to Austria's development co-operation policy

Austrian development co-operation policy states that partnerships with developing countries and territories should be “based on ownership, mutual accountability and inclusion” and refers to the principles of effective development co-operation (MFA, 2019_[2]). The policy applies directly to all strategies for Austrian Development Cooperation (ADC). Older ADC strategies, such as for Kosovo (ADC, 2013_[10]), explicitly refer to aid and development effectiveness principles.

The Ministry of Finance emphasises the importance of ownership in its strategic guidelines for the international financial institutions (MOF, 2015_[11]). While ownership is not mentioned explicitly in the Strategy of the Development Bank of Austria (OeEB, 2019_[12]), OeEB is committed to the aims and principles laid out in the Federal Development Cooperation Act, which expects the aims of developing country governments and populations to be taken into account (Government of Austria, 2002_[6]).

Austria uses partner country results frameworks and data, but not their systems

Recent country strategies include specific mention of how Austrian Development Cooperation aligns with the priorities of country partners. In these strategies, Austria's expected results are aligned with the country results and the Sustainable Development Goals (ADC, 2019_[13]; ADC, 2019_[14]) (ADC, 2019_[15]). This is good practice. In addition, recent country strategies indicate that Austria will draw on partner government reporting and support the development and strengthening of national monitoring and evaluation systems (Chapter 6). The extent to which this is feasible does, however, vary from country to country. In recent years, Austria's sole statistical capacity-building project supported work on gender inequality through the OECD's Social Institutions and Gender Index, with a focus on Uganda.¹²

Despite an improvement in Austria's use of country systems reported in the 2018 monitoring round of the Global Partnership for Effective Development Co-operation (Table 5.1),¹³ Austria makes very little use of partner country systems. In 2017, just USD 14.4 million (16%) of the USD 91.8 million disbursed to 496

projects in 12 countries and territories used government channels. This represented 2.4% of total bilateral ODA.

Austria lacks the means to be predictable and accountable

Austria has enhanced its ability to provide indicative expenditure projections to its partners by including in its country strategies an annex outlining Austrian Development Cooperation's indicative budget allocation for the duration of the strategy (generally five years). However, these projections account for only a small percentage of total flows to partner countries and territories disbursed by the Austrian Development Agency¹⁴ and by all other official Austrian development actors (Chapter 3). A whole-of-government approach in partner countries and territories would enable Austria to provide government partners with better information on indicative forward expenditure for all aid flows and would thus enhance predictability (Chapter 3).

Austria's limited transparency regarding total ODA limits its ability to be accountable to partners, even in relation to the small volume of country programmable aid (Chapter 3). As seen in Kosovo, this is made all the more difficult in contexts where donor co-ordination is challenging (Annex C).

Table 5.1. Austria's performance on effective development co-operation, 2018

	Alignment and ownership by partner country and territory (%)				Predictability (%)		Transparency		
	SDG17.15 Use of country-led results frameworks	Funding recorded in countries' national budgets	Funding through countries' systems	Untied ODA	Annual predictability	Medium-term predictability	Retrospective statistics (OECD CRS)	Information for forecasting (OECD FSS)	Publishing to IATI
2016 round	83.8%	62.3%	32.7%	36.4%	88.1%	58.1%	Excellent	Good	Nil
2018 round	61.2%	49.6%	78%	50.1%	87.5%	79.3%	Excellent	Good	Nil
Trend	▼	▼	▲	▲	▼	▲	■	■	Nil

Note: The following countries and territories provided information about Austria's ODA for the 2018 monitoring round: Albania, Bhutan, Burkina Faso, Costa Rica*, Ethiopia, Georgia, Kenya*, Kosovo, Lao PDR*, Moldova, Mozambique, Senegal*, Uganda, and Viet Nam*. Data drawn from 26 projects totalling USD 17.9 million in 14 countries and territories. *: not a priority partner country. CRS: Creditor Reporting System; FSS: Forward-spending survey; IATI: International Aid Transparency Initiative. Green = good performance; orange = progress, but more could be done; red = progress is needed

Source: (OECD/UNDP, 2019^[16]), *Making Development Co-operation More Effective: How development partners are promoting effective, country-led partnerships*, www.oecd.org/dac/effectiveness/Part-II-of-the-Global-Partnership-Progress-Report.pdf.

Austria uses a range of delivery instruments and partners in responding to partner country needs

Austrian Development Cooperation has introduced a ten-step process for developing new country strategies for its priority countries and territories. The starting point is the national development strategy, which is systematically referred to in the latest generation of strategies. The process also involves conducting a range of analyses¹⁵ to ensure that the context is understood, and that Austrian Development Cooperation responds appropriately. This is good practice.

Austria uses a mix of aid delivery instruments (Annex B, Table B.2),¹⁶ works with a variety of implementing partners, and has a particular focus on working at the sub-national and local levels. While Austria does not place conditions on its aid, it could better leverage its contributions and good reputation to step-up its

dialogue with partner governments regarding the need for any policy reforms to address underlying development challenges which are constraining sustainable development (Chapter 1, Annex C).

As noted in Kosovo, achieving a whole-of-government approach is proving challenging (Annex C). Prioritising Austria's activities – multilateral, regional and bilateral co-operation and other forms of financing – and presenting these in ADC strategies would contribute to a more coherent approach and present a more comprehensive and compelling picture of Austria's support for partner countries and territories.

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Notes

¹ The annual work plan is reviewed by the ADA Supervisory Board prior to being submitted to the Minister of Foreign Affairs for approval. The Supervisory Board comprises representatives of the federal ministries of digital and economic affairs; Europe, integration and foreign affairs; finance; sustainability and tourism; labour, social affairs, health and consumer protection. The annual work plan is based on the three-year programme for Austrian Development Co-operation, country and regional strategies, and existing funding commitments. Quarterly reports are provided to the board, which also approves projects.

² In 2017, project-type interventions (47% of projects), student support (18%), and support for technical assistance and donor country personnel (18%) made up the majority of Austria's bilateral ODA.

³ In addition to development-focused non-government organisations (NGO), applications can be submitted by other actors – associations, foundations, trade unions, local authorities and other public corporations. See <https://www.entwicklung.at/en/actors/civil-society/>.

⁴ The fourth principle agreed in the Busan Partnership for Effective Development Co-operation is *Transparency and accountability to each other*; see <http://effectivecooperation.org/about/principles/>. In paragraph 23, adherents undertake that they “will: a) Make the full range of information on publicly funded development activities, their financing, terms and conditions, and contribution to development results, publicly available subject to legitimate concerns about commercially sensitive information...c) Implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development co-operation...” (4th High Level Forum on Aid Effectiveness, 2011^[7]).

⁵ The Busan commitment is to “make the full range of information on publicly funded development activities, their financing, terms and conditions and contribution to development results, publicly available subject to legitimate concerns about commercially sensitive information” and implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on resources provided through development co-operation” (4th High Level Forum on Aid Effectiveness, 2011^[7]).

⁶ For example, 19 DAC member countries have joined the Open Government Partnership; see <https://www.opengovpartnership.org/>.

⁷ The ODA matrix and the forecast scenario in the three-year programme do not specify the resources allocated to each of Austria's development co-operation priorities. In addition, the document does not provide details about how funding will be applied by each development actor (MFA, 2019^[2]).

⁸ A significant share of Austrian ODA is “non-discretionary” (e.g. in-donor refugee costs and imputed student costs) – i.e. expenditure that cannot be projected in advance.

⁹ This includes total ODA; the percentage disbursed by Austrian institutions; the main components by instrument; components of multilateral ODA and of bilateral ODA, including how ADA distributes bilateral ADC funds by sector and geographic region; the income, poverty, and economic status of recipient countries; and the channels ADA uses.

¹⁰ A list of all projects managed by Austrian Development Co-operation since 1999 can be found at <https://www.entwicklung.at/projekte/> (German) and <https://www.entwicklung.at/en/projects/> (English).

¹¹ Information about projects funded by the Development Bank of Austria can be found at <https://www.oeb.at/en/unsere-projekte/unsere-projekte-im-ueberblick.html>.

¹² The Social Institutions and Gender Index (SIGI) is a cross-country measure of discrimination against women in social institutions (formal and informal laws, social norms, and practices) across 180 countries. See <https://www.genderindex.org/>.

¹³ The Global Partnership's 2018 monitoring round drew its data from projects approved in 2017 with a value of USD 500 000 or more. The sample for Austria comprised 26 projects in 14 countries and territories totalling USD 17.9 million. In 2017 Austria disbursed USD 604.6 million to 2 016 projects.

¹⁴ For example, as the Uganda country strategy acknowledges, flows from business partnerships, NGO co-financing and education programmes are inherently unpredictable (ADC, 2019^[14]).

¹⁵ Step 3 involves a review of human rights, gender, fragility, environment and climate protection, migration, reduction of conflict results including landmines, and poverty reduction.

¹⁶ In 2017, Austria used basket funds and pooled funding; contributions to specific purpose programmes and funds managed by implementing partners; core contributions to multilateral institutions; core support to NGOs, other private bodies, public-private partnerships and research institutes; debt relief; donor country personnel; other technical assistance; project-type interventions; scholarships and training in Austria; and sector budget support. Imputed student costs and in-donor refugee support were also reported as ODA.

6

Austria's results, evaluation and learning

This chapter considers the extent to which Austria assesses the results of its development co-operation; uses the findings of evaluations to feed into decision making, accountability and learning; and assists its partner countries to do the same.

It begins by looking at Austria's system for managing development results, i.e. whether the objectives of its development co-operation policies and programmes can be measured and assessed – from output to impact. It then reviews the evaluation system for its alignment with the Development Assistance Committee (DAC) evaluation principles: is there an evaluation policy, are roles and responsibilities clear, is the process impartial and independent? Finally, it explores whether there is systematic and transparent dissemination of results, evaluation findings and lessons and whether Austria learns from both failure and success, and communicates what it has achieved and learnt.

In Brief

Austria sets impact goals to be delivered by each federal institution. However, reporting on institutional performance uses input-related corporate indicators, rather than assessments of outcomes or impact. The Austrian Development Agency and the Development Bank of Austria have improved their approach to results-based management, linking results to the Sustainable Development Goals (SDGs). Austria also draws on multilateral institutions' corporate scorecards and results reporting. It could make better use of results information, in particular to communicate with the public and partners about Austria's contribution to sustainable development in partner countries and territories, and globally.

Austria is developing a comprehensive evaluation policy, which will apply to the five key institutions responsible for development co-operation. While the Austrian Development Agency has an independent evaluation function, the Development Bank of Austria and the Ministry of Foreign Affairs situate their evaluation functions alongside policy and strategy. Austrian Development Cooperation undertakes strategic evaluations, but its approach to project evaluation could be more proportionate. Evaluation resources might be reallocated to increasing the number of strategic evaluations, including looking at challenges across Austria's development system as a whole.

Institutional learning is a challenge for Austria given the fragmented nature of its development co-operation system. Lessons are shared informally amongst Austrian development actors, but systematic dissemination is limited. The Austrian Development Agency systematically publishes evaluation reports and evaluation briefs on its website. It disseminates the results, evaluation findings and lessons of Austrian Development Cooperation and these inform programming. The Development Bank of Austria publishes short reports of ex-post evaluations.

Management for development results

Austria's results system could focus more on its overall contribution to development

Austria has not yet fully realised its intention to enhance management for development results.¹ Development co-operation objectives are set for each federal ministry in federal budget documents, but there is no comprehensive, whole-of-government statement outlining the expected results of Austria's official development assistance (ODA) (Chapter 2). In addition, success at the ministry level is measured using input-related indicators rather than by assessing outcomes or impact.

In funding Austrian Development Cooperation (ADC), the Federal Ministry of Europe, Integration and Foreign Affairs (Ministry of Foreign Affairs, MFA) is expected to achieve sustainable poverty reduction; consolidation of peace and human security; preservation of the environment; and gender equality, including addressing the needs of children and people with disability. However, rather than assessing the outcomes or impacts in these areas, the ministry is required to report on input-related corporate indicators, such as the share of projects and programmes that promote gender equality or that meet ADC quality standards (MOF, 2018^[1]).²

The ODA matrix in the three-year programmes on Austrian development policy for 2013-2015 (MFA, 2012^[2]) and 2016-2018 (MFA, 2016^[3]) described the outcomes Austrian Development Cooperation sought to achieve. However, neither the expected outcomes of multilateral co-operation, nor of the broader bilateral efforts of other Austrian stakeholders were described. This results in a partial picture of Austria's

overall contribution to the SDGs and to sustainable development in its partner countries and territories. The 2016-2018 document and its 2017 update (MFA, 2017^[4]) did, nevertheless, include in the ODA matrix a list of additional Austrian stakeholders supporting priority themes in countries, territories and regions supported by ADC.

This fairly comprehensive approach to outlining measurable results has not been carried forward to the 2019-2021 three-year programme document, which does not contain an ODA matrix. The document does, nevertheless, link Austria's five thematic priorities to the 2030 Agenda for Sustainable Development, its focus on leaving no one behind, and the Sustainable Development Goals (SDGs). This provides Austria with the basis for using the SDGs as a shared framework for results (Zwart, 2018^[5]). Such an approach would define outcome indicators that are aligned to the SDGs and ensure synchronisation with partner governments' results frameworks.

Individual Austrian institutions have improved their results-based management

In 2017, the Austrian Development Agency (ADA) enhanced its approach to managing project and programme results, introducing a results-focused monitoring and tracking system into its electronic aid management system. This includes a selection of SDG indicators, many of which are disaggregated by gender, age and level of vulnerability. Information about disability is obtained via the use of a policy marker.

Country strategies now include results matrices showing the link between Austria's support, partner countries' sustainable development objectives and the SDGs. While Austria aims to use partner countries' data and systems where possible, the approach taken to programming and choice of implementing partners constrains its ability to do so (Chapter 5). At the project level, logical framework matrices are systematically included in project design documents, and reported against, enabling ADC to monitor the chain of expected results from outputs to eventual impact. This is good practice.

The Development Bank of Austria (OeEB) has recently introduced a development effectiveness rating tool (DERa) developed by Deutsche Investitions-und Entwicklungsgesellschaft mbH (DEG),³ which allows the bank to measure the development effects of its interventions.

Austria joins other donors in encouraging multilateral and regional institutions to apply results-based management in their operations and draws on their reporting. The Federal Ministry of Finance, for example, draws on performance reporting against the multilateral development banks' corporate scorecards and results frameworks.

Austria could be clearer about how its activities contribute to sustainable development

Austrian institutions are using more readily available information about results to improve their programme management. However, it could make greater use of this information to communicate with the Austrian Parliament, public and partner governments about Austria's contribution to the SDGs and to sustainable development in partner countries. Annual updates of the ODA matrix, as envisaged in the 2016-18 three-year programme, have not eventuated, constraining parliament's ability to exercise its oversight role.

Evaluation system

A new evaluation policy will apply to the five key development actors

Austria is finalising an inter-ministerial evaluation policy which will apply to ADA, OeEB and the ministries of finance, foreign affairs, and sustainability and tourism, and other development actors that choose to adopt it (MFA, 2019^[6]). This is a very positive step towards achieving evaluation coverage of the entire aid system, as recommended in the 2015 peer review (OECD, 2015^[7]).

The draft policy is comprehensive. It draws on evaluation principles, criteria and standards developed by the Development Assistance Committee (DAC), the German-speaking Evaluation Society (DeGEval),⁴ the United Nations Evaluation Group⁵ and the multilateral development banks' Evaluation Cooperation Group.⁶ It outlines ten evaluation principles,⁷ including impartiality and independence from policy-making and programming functions. In evaluating its projects and programmes, Austria will look at the criteria of relevance, effectiveness, efficiency, coherence, impact, and sustainability, in line with the DAC evaluation criteria.⁸ Humanitarian evaluations will also consider connectedness, coverage and co-ordination. It will not be mandatory to apply all criteria. Instead, criteria will be selected based on their appropriateness to each evaluation. This is good practice. Roles and responsibilities are defined for each of the five development actors.

In ADA the evaluation function is kept independent from policy, programming and delivery.⁹ However, while the evaluation functions in OeEB¹⁰ and the Ministry Foreign Affairs¹¹ are separate from programming and delivery, they sit alongside policy and strategy, which does not allow for sufficient independence. The ministries of finance and foreign affairs rely on evaluations undertaken by their multilateral partners, which is good practice.

Evaluations are prioritised, but could be more selective

ADA is responsible for evaluating Austrian Development Cooperation activities, and requires all projects to be evaluated.¹² In addition, one or two strategic evaluations are done each year. By way of example, the 2019-20 Evaluation Plan, which is developed by the Ministry of Foreign Affairs in close collaboration with ADA, envisages that two country strategies will be evaluated in 2019 and that strategic evaluations in 2020 will focus on the human rights approach, a systematic review of results of the whole-of-government approach in ADC, and the evaluability of gender activities (ADC, 2019^[8]). Implementation of the recommendations of strategic evaluations are monitored on a regular basis and reported to ADA's Supervisory Board on an annual basis. This establishes a direct feedback loop to an oversight body in an effort to increase commitment to follow-up on recommendations, and promote institutional learning and use of evaluation findings at all levels.

While this approach is commendable, ADA could make better use of limited resources. Rather than evaluating every project it could be more selective about what is evaluated and draw more on the results of monitoring by implementing partners, as seen in Kosovo (Annex C). This point was raised in the report of a recent meta-evaluation of project and programme evaluations undertaken by ADA between 2016 and 2018 (Silvestrini and Bätthge, 2019^[9]). Additional issues for the Ministry of Foreign Affairs and ADA to consider from this report include:

- ensuring that budgets are sufficient to achieve the intended scope of evaluations
- ensuring that terms of reference are adequate
- ensuring a proper inception phase
- ensuring evaluation results are disseminated and discussed.

Evaluations could assess challenges facing Austria's development system

While the draft evaluation policy tasks each institution with evaluating its own development co-operation efforts, it does not explore the extent to which Austria achieves synergies across its development co-operation system as a whole. This is something that the Ministry of Foreign Affairs might consider as part of its responsibility for co-ordinating Austrian development policy. Resources might usefully be reallocated to increasing the number of strategic evaluations, including looking at challenges across Austria's development system as a whole (Chapter 4).

Institutional learning

Institutional learning remains a challenge within the Austrian system

The fragmented nature of Austria's development co-operation system makes institutional learning a particular challenge. Informal sharing of information does occur amongst Austrian stakeholders – for example ADA invites other stakeholders to attend learning events where it presents projects, evaluations and results. However, this approach is limited in its ability to disseminate lessons to a wide range of staff across Austrian development institutions and co-ordination offices, let alone to partners.

ADA has improved its dissemination of evaluation results. Evaluation reports are now systematically published on ADA's website,¹³ and since 2017 these have been accompanied by evaluation briefs. Recommendations are followed up systematically by management and findings inform policy, as seen in the work by the Ministry of Foreign Affairs and ADA to prepare the latest round of country strategies. ADA's knowledge management unit maintains a repository of information which is disseminated through newsletters and "good to know" messages. It also organises an annual conference, which serves as a retreat for ADA staff and the MFA's Directorate General for Development Co-operation, facilitating mutual reflection, knowledge exchange and learning on questions of importance for global development co-operation and ADA as an organisation. While internal lessons are available, the system does not yet capture lessons from implementing partners. The Development Bank of Austria posts summaries of evaluations on its website,¹⁴ but it could follow ADA's example and publish the full reports, including methods and findings.

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Notes

¹ All stakeholders of Austrian development policy agreed to enhance results management in a mission statement on 18 December 2012 and published in the three-year programme for 2013-15 (MFA, 2012^[2]). This agreement is retained in the mission statements in the three-year programmes for 2016-2018 (MFA, 2016^[3]) and 2019-2021 (MFA, 2019^[10]).

² The MFA is required to report on the following four indicators: Indicator 12.4.1: Percentage of projects that provide access to water, energy, land and basic services, generate income and reduce poverty; Indicator 12.4.2: Share of ADC projects/programmes that promote equality between women and men; Indicator 12.4.3: Budget for financing new and current projects implemented in accordance with ADC quality criteria; Indicator 12.4.4: Share of ADC projects/programmes dedicated to environment and natural resources (MOF, 2018^[11]).

³ Deutsche Investitions-und Entwicklungsgesellschaft mbH (DEG) is a subsidiary of the German Kreditanstalt für Wiederaufbau Group (KfW Group). The Development Effectiveness Rating (DERa) tool uses five outcome categories: decent jobs; local income; market and sector development; environmental stewardship; and community benefits. The first three categories assess what was achieved and the other

two, how these effects were achieved: For more information, see <https://www.deginvest.de/International-financing/DEG/%C3%9Cber-uns/Was-wir-bewirken/Wir-messen-Wirksamkeit/>.

⁴ For more information, see <https://www.degeval.org/home/>. ADA and the Federal Ministry for Education, Science and Research are institutional members of DeGEval.

⁵ For information about the UN Evaluation Group see www.uneval.org.

⁶ For information about the Evaluation Cooperation Group, see <https://www.ecgnet.org/about-ecg>.

⁷ These principles are independence, impartiality, credibility, transparency, usefulness, feasibility, fairness, accuracy, participation and partnership.

⁸ Although these DAC evaluation criteria are currently being reviewed. For details see <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>.

⁹ The Evaluation and Statistics executive unit, based in ADA's Managing Directorate, has 2.5 full-time equivalent staff working on evaluation.

¹⁰ Monitoring and evaluation are part of the development policy function in OeEB. An evaluation desk was established in 2018 and currently evaluates some, but not all, of the bank's projects.

¹¹ The Department for Development Cooperation: Strategy, Public Relations and Evaluation of the Federal Ministry of Europe, Integration and Foreign Affairs is responsible for development co-operation strategy and evaluation. An evaluation unit was established in 2017 with 1.5 full-time equivalent staff.

¹² ADA's Guidelines for Project and Programme Evaluations distinguish between internal evaluations, which are undertaken by the partner which implements the project, and external evaluations. The latter are of two types – those which are commissioned and managed by the ADA evaluation unit, and those which are commissioned and managed by another ADA unit at headquarters or by an ADA Co-ordination Office (Austrian Development Agency, 2009^[11]).

¹³ ADA's evaluation reports are published here: <https://www.entwicklung.at/en/ada/evaluation/evaluation-reports/>.

¹⁴ English language ex-post evaluations of three loan projects can be found at <https://www.oeb.at/en/development-effects/measuring-results.html>.

7

Austria's approach to fragility, crises and humanitarian assistance

This chapter first reviews Austria's efforts to engage in fragile, conflict and crisis contexts. It assesses Austria's political directives and strategies for working in these contexts; the extent to which programmes are designed coherently to address key drivers of fragility, conflict and disaster risk; and the needs of women and the most vulnerable; and whether systems, processes and people work together effectively in responding to crises.

The second part of the chapter considers Austria's efforts to fulfil the principles and good practices of humanitarian donorship. It looks at the political directives and strategies for humanitarian assistance; the effectiveness of Austria's humanitarian programming and whether it targets the highest risk to life and livelihoods; and whether approaches and partnerships ensure high-quality assistance.

In Brief

A commitment to peace and conflict prevention has led Austria to develop strategies linking security and development. While these strategies are now dated, they are mostly still relevant. However, in implementing its commitment to conflict prevention, Austria is limited by the lack of a specific instrument and budget focusing on stability and conflict prevention. This means that development co-operation and fragmented humanitarian aid are the only mechanisms available to respond to crises.

Because Austria focuses on conflict prevention, risk analysis is embedded in its programming. Since the migration crisis in Europe, Austria has given development co-operation a role in addressing the root causes of migration, which mostly emphasises the economic dimension. A specific conflict prevention instrument could help Austria to refine its fragility analysis and better link peace and development.

Austria has stable partnerships with its fragile partner countries, and crisis-affected areas are receiving greater attention. Austria's development co-operation can adapt to crises but implementing the humanitarian-development-peace nexus remains a challenge in practice. Austria is fully part of European Union joint programming, but the number of Austrian government stakeholders involved limits coherence when Austria engages with other multilateral actors.

While Austria has scaled up its humanitarian budget through the Foreign Disaster Fund, its overall humanitarian action remains fragmented across a variety of sources. With increasing resources, the Council of Ministers' direct involvement in each humanitarian project funding decision is an oddity that is detrimental to Austria's predictability and independence. An evaluation of the challenges and achievements of its humanitarian response in recent years could help Austria to update its humanitarian strategy within the framework of its comprehensive response to crises.

While Austria is capable of responding rapidly to disasters through its National Crisis and Disaster Protection Management mechanism, internal procedures do not allow Austria to make the most of its domestic humanitarian community. Partly as a consequence, Austria channels most of its humanitarian funding through the multilateral system.

7.A. Crises and fragility

Strategic framework

Peace and conflict prevention are central to Austria's foreign policy

Building on its focus on conflict prevention (Chapter 1) and its global reputation in international mediation (Gebhard, 2013^[1]), Austria supports the Organization for Security and Co-operation in Europe's (OSCE) role in early warning and conflict prevention, in addition to its security-related activities. Austria is increasingly conscious that security and development are linked, and now strives to align its development co-operation priorities with this peace agenda. The promotion and protection of human rights are high priorities in Austria's foreign policy (MFA, 2019^[2]). This is also firmly reflected in Austria's support for a broad range of human rights activities through multilateral channels (Chapter 3).¹

The strategic framework is dated but mostly still valid

Austria's security strategy focuses on early crisis detection, conflict prevention, crisis management and post-crisis rehabilitation, as well as protection of civilians during conflicts (Federal Chancellery, 2013^[3]). A strategic document also guides Austria's understanding of security and development (MFA, 2011^[4]). While this guideline remains mostly valid, it was written before 2014 and does not cover forced displacement and migration, which was not considered a major topic in Austria's development co-operation at that time. However, it has since become one. The Austrian Development Agency (ADA) has also drawn up its own guidelines on peacebuilding and conflict prevention (ADC, 2006^[5]), usefully complemented by a specific focus document on development co-operation in fragile contexts (ADC, 2014^[6]). On the other hand, Austria's humanitarian policy document (ADC, 2009^[7]) is outdated, and does not reflect Austria's current humanitarian engagement.

Most official development assistance does not go to fragile states

While crisis regions and fragile states are new geographical priorities (MFA, 2019^[8]), Austria does not have a budget dedicated to fragility and stabilisation, or a funding target for these contexts. As a result, bilateral ODA to fragile contexts has been very variable since the last review.²

Austria's humanitarian assistance has increased steadily over recent years, to reach USD 58.4 million of disbursements in 2017 (Chapter 3). It is funded through a range of budget sources from federal ministries and provincial governments, making it particularly fragmented (Figure 7.1). This fragmentation is detrimental to the coherence and the global overview of Austria's humanitarian aid.

In response to this fragmentation, the Foreign Disaster Fund (FDF) managed by ADA is increasingly becoming the main financial source of humanitarian aid. The FDF is endowed with a EUR 15 million (USD 12.7 million) annual allocation³ (ADA, 2019^[9]). As the FDF is already used for limited civilian prevention and stability activities, Austria could consider broadening its scope and size to make it a more comprehensive instrument to be mobilised in fragile states and in case of crises.

Effective programme design and instruments

A whole-of-government approach is taken where crises have implications for Austria

Building on Austria's understanding that peace and sustainable development are indivisible, the government has introduced the "3C" approach (coherent, complementary and co-ordinated) amongst relevant actors in security and development policies. This translates into more regular exchange of information and review, mainly between the Federal Ministry of Europe, Integration and Foreign Affairs (Ministry of Foreign Affairs) and ADA. For crises which have a direct impact on Austria's security, the Ministry of Defence also initiates cross-government analysis and programming. The Austrian security strategy (Government of Austria, 2013^[10]) establishes an annual meeting to review all countries and territories in crisis in which Austria has interests. The situation and outlook are reviewed for each, and decisions are taken on Austria's engagement. This comes close to a whole-of-government approach to crises, and there is scope to replicate this mechanism for each crisis in order to define the best instruments to meet Austria's objectives in each context.

Risk analysis is mandatory, even in non-fragile contexts

Risk-informed context analysis and programming are rooted in Austria's development co-operation. As early as 2006, the peacebuilding and conflict prevention policy paper insisted on the need to analyse the conflict potential in Austria's development interventions (ADC, 2006^[5]). Risk analysis is now mandatory for

all projects and is part of Austria's programming cycle, even in non-fragile contexts (Chapter 4). This is good practice as understanding the risks and the potential for conflict makes all the more sense before a crisis unfolds.

A specific mechanism could strengthen Austria's conflict prevention

Conflict prevention is a key element of Austria's engagement in fragile contexts, underpinned by its efforts at the global level. Austria is aware when the situation deteriorates in partner countries. However, it lacks an instrument that is agile and nimble enough to mobilise the rapid and flexible support required to help prevent crises from escalating. Instead, Austria relies on its traditional development co-operation. It supports inter-governmental approaches in East Africa⁴ and West Africa,⁵ and multilateral organisations, such as the United Nations in Mali.⁶ These channels are used because most crisis contexts are not in partner countries and territories, and Austria has limited field presence. As a result, Austria relies on its implementing partners to monitor the impact of its engagement.

In addition, Austria provides bilateral support in its priority countries or territories. Austria is flexible and can design well-targeted structural prevention programmes (Box 7.1). However, direct conflict prevention often requires short-term initiatives that are put in place at a critical moment with the aim of de-escalating tensions or violence (Sida, 2017^[11]), something Austria is not able to mobilise easily. Broadening the scope and the size of the Foreign Disaster Fund beyond strict humanitarian assistance could be one option to do so.

Box 7.1. Resolving cross-border conflicts in West Africa

Cross-border conflicts and tensions among Senegal, Gambia and Guinea Bissau have a destabilising effect on the West African region. Frequent causes of clashes are the unregulated control and ill-defined rights of access to forest resources, livestock theft, small arms trafficking and petty crime. To contain these problems, the Austrian Development Agency is supporting the non-government organisation ENDA with its project "Strengthening local capacities in the field of conflict prevention and peace-building in the border areas of Senegambia", helping to train local organisations and civil society in cross-border courses on conflict resolution and peacebuilding (mediation, peace negotiations, dialogue, reconciliation, etc.). The programme also supports a broad range of small-scale initiatives with the close involvement of civil society in drafting local and regional action and development plans. Involving local governments also ensures ownership of local development plans. The establishment of a dialogue platform (*Plateforme sénégalienne*) facilitates the direct exchange of experience and approaches among stakeholders across national boundaries. It promotes co-operation and joint cross-border peacebuilding initiatives implemented via small projects.

Source: (ENDA, 2013^[12]), *Renforcement des capacités locales dans le domaine de la prévention de conflits et construction de la paix dans les zones frontalières de Sénégambie méridionale* (in French).

Austria takes a combined approach to forced displacement and migration

As in-donor refugee costs were escalating in 2015 and 2016,⁷ Austria started to link development co-operation with its migration agenda. While forced displacement and migration were not specifically addressed in policy documents prior to 2015, these issues became prominent in Austria's three-year programme after the migration crisis started in Europe (MFA, 2016^[13]). In response to these mixed migration flows, on top of developing specific instruments and programmes addressing migration, Austria increased its support to multilateral channels (Chapter 3), such as the sub-window for refugees in the World Bank's International Development Association (IDA);⁸ and the European Union Trust Funds,⁹ such

as the ‘Madad’ Fund and the European Trust Fund for Africa. Austria is also a regular contributor to UNHCR (UNHCR, 2019^[14]) and has signed up to the Global Compact on Refugees (UNGA, 2018^[15]).

Austria believes that providing economic opportunities in countries of origin addresses the root causes of migration, while being aware that migration is not the result of a single determinant. The people who choose to migrate are not the poorest, and issues like social inequalities and human rights can also be key push factors (Bacon and Robin, 2018^[16]). ADA has developed a focus paper on migration to clarify what migration, including forced displacement, means for development co-operation (ADA, 2016^[17]). The paper provides examples and helps to identify the roles of various stakeholders along migration routes, including those involved in humanitarian aid or anti-trafficking. This focus paper could help government co-ordination and could usefully be widely shared across the government.

Gender is taken into account in Austria’s conflict programming

Austria is committed to strengthening the role of women in armed conflicts, and notably to involving women in peace processes. In 2007 Austria adopted a national action plan for implementing UN Security Council Resolution 1325 on women, peace and security. This was revised in 2012 (MFA, 2012^[18]). ADA has translated policies into guidance to ensure ownership by staff and ensure they take into account the gender aspect of programming in crisis contexts (ADA, 2019^[19]) (Chapter 2).

Effective delivery and partnerships

Bilateral partnerships are stable

Out of Austria’s 11 partner countries and territories, 6 are considered fragile or in crisis.¹⁰ Crisis regions and fragile states are geographic priorities for Austria (MFA, 2019^[8]). Austria defines itself as a stable partner and has been supporting the same countries and territories for decades. While priorities set in country strategies are stable, Austria is flexible enough to adapt to evolving political or security situations. For example, following a coup in Burkina Faso in 2015, Austria was able to adapt its programming and support the political transition and the electoral process.

Multilateral partnerships could be more coherent

Most of Austria’s engagement in fragile or crisis contexts is channelled through multilateral organisations, including the international financial institutions. Austria values its participation in donor support groups, and finds them particularly helpful for influencing multilateral organisations and ensuring accountability. In response to crises, Austria’s support is softly earmarked and administrative requirements are lean. However, some multilateral organisations are concerned about the lack of consistency across Austria’s different sources of funding, which creates unnecessary bureaucracy (Chapter 3).

The European Union is Austria’s main co-ordination platform

Austria is an active member of EU joint programming and sees the EU as its main co-ordination and burden-sharing platform (Chapter 5). In some fragile areas, such as in Gaza and the West Bank, this is an effective way to engage in a politically sensitive context. It also avoids burdening host countries and territories which have limited capacity to manage numerous bilateral partnerships.

Implementing the humanitarian-development-peace nexus remains a challenge

The fact that crisis response to crises and prevention are clear elements of Austria’s security strategy (Federal Chancellery, 2013^[3]) and its foreign and development policy (ADC, 2016^[20]) provide a good basis

for a coherent approach to Austria's engagement in fragile and crisis contexts. The strategic guideline on security and development (MFA, 2011^[21]) sets the priorities for security, development and humanitarian instruments in different crisis-related situations. Like many other Development Assistance Committee (DAC) members, implementing the humanitarian-development-peace nexus remains a challenge, as seen in Kosovo (Annex C). A recent evaluation has shown that these three dimensions still function as separate silos (Boss and Dittli, 2017^[22]). As a result, the nexus is not yet fully integrated in a systematic way.¹¹

7.B. Humanitarian assistance

Humanitarian assistance strategic framework

Austria's outdated humanitarian strategy no longer reflects its approach

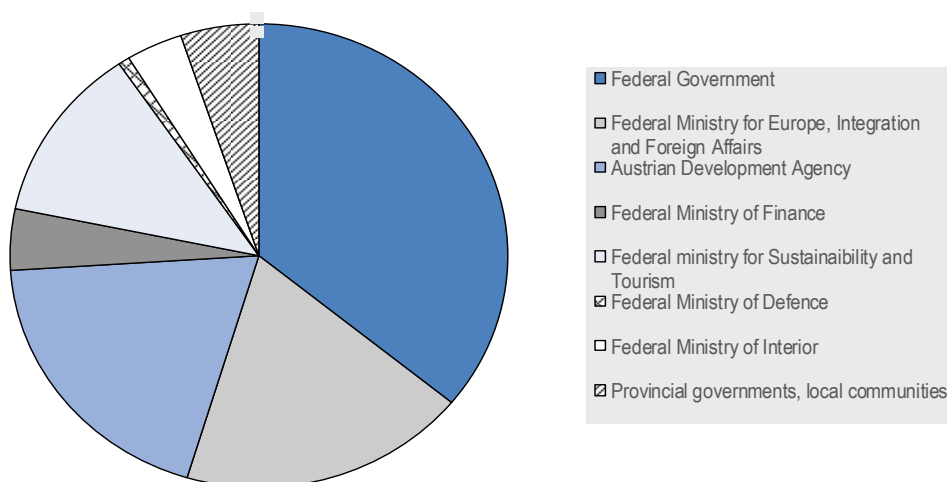
Austria's 2009 humanitarian policy (ADC, 2009^[7]) has not been updated despite the fact that much has changed. The policy places a strong emphasis on disaster response, yet Austria's humanitarian assistance is almost exclusively deployed in conflict areas. In addition the strategy's sequential approach is not relevant in these situations. As such, the strategy is not aligned with the reality of Austria's current humanitarian response and funding, and is not linked to Austria's commitments at the 2016 World Humanitarian Summit (Agenda for Humanity, 2016^[23]). Updating the humanitarian strategy would allow Austria to complete the work it has already started in programming in crises and help its staff implement the DAC Recommendation on the Humanitarian, Development and Peace Nexus [[OECD/LEGAL/5019](#)] (OECD, 2019^[24]).

Effective humanitarian programming

Austria's humanitarian assistance is fragmented

Austria's humanitarian assistance is mainly delivered by ADA through the Foreign Disaster Fund (FDF). The FDF is decided every year, and has in-built flexibility. However, up to seven other ministries or public entities also provide humanitarian assistance.¹² With no clear co-ordination mechanism in place, this makes Austria's humanitarian assistance fragmented¹³ and undermines Austria's profile in responding to crises.

Figure 7.1. Many organisations contribute to humanitarian aid (2014-2017)



Note: The chart reflects Austria's government institutions reporting to the OECD Creditor Reporting System between 2014 and 2017 (last available figure).

Source: Adapted from OECD Creditor Reporting System (database) (OECD, 2019^[25]), <https://stats.oecd.org/index.aspx?DataSetCode=CRS1> (accessed July 2019)

StatLink  <https://doi.org/10.1787/888934084551>

Austria's humanitarian assistance is at high risk of politicisation

While the FDF is determined annually by the government, the Council of Ministers also decides which projects to support in each humanitarian response. Such high-level decision making for projects is unusual and does not benefit Austria's humanitarian effectiveness. It makes Austria an unpredictable humanitarian donor, dependent on current political priorities such as curbing migration flows (Federal Minister for Europe, 2016^[26]) rather than on objective humanitarian criteria. This decision-making process runs counter to the main global humanitarian policy trends and is not aligned with Austria's commitments at the World Humanitarian Summit (Agenda for Humanity, 2016^[23]). As the FDF is approved annually by the Council of Ministers, Austria's humanitarian assistance would be more fit-for-purpose and nimble if decisions on individual projects were made at a more appropriate working level.

A new evaluation could inform Austria's humanitarian strategy

Austria does not have the capacity to monitor its humanitarian programme in a systematic way. Because it knows its capacity is low, Austria invests upfront in risk analysis and selects quality partners to mitigate risk. However, such measures limit Austria's direct efforts to strengthen the capacity of frontline responders – one of its commitments at the World Humanitarian Summit (Agenda for Humanity, 2016^[23]). The last evaluation of Austria's humanitarian response covered the period 2004-2008 (ADA, 2009^[27]). A new evaluation focusing on achievements in the past few years would draw out lessons and help Austria to update its humanitarian strategy.

Effective delivery, partnerships and instruments of humanitarian assistance

Rapid response mechanisms work well

Austria's civil protection engages in international missions, and its system is well connected within the European civil protection mechanism. The Ministry of Interior also manages a specific EUR 700 000 annual budget to complement its civil protection engagement with in-kind donations. Austria can also deploy military assets as needed. Emergency actions are co-ordinated under the National Crisis and Disaster Protection Management (Federal Ministry of Interior, 2019^[28]). Through the Ministry of Foreign Affairs, Austria also has flexibility to reallocate some of its development funds to emergencies, as occurred during the 2019 cyclones in Mozambique where it reallocated funds to the Food and Agriculture Organization (FAO) to rebuild some local capacities.

An updated humanitarian policy could guide Austria's response in protracted crises

Most of Austria's humanitarian aid is delivered in protracted crises. Through the 3C approach, humanitarian aid will increasingly be part of a coherent Austrian response to crises. In 2017, ADA organised a call for Austrian civil society organisations to submit projects to link humanitarian assistance and long-term development measures in refugee hosting contexts (MFA, 2019^[29]). An updated humanitarian policy could strengthen Austria's approach to the nexus.

Partnerships with humanitarian NGOs could be more responsive and strategic

The humanitarian community in Austria is essentially composed of local branches of international humanitarian NGO networks, channelling around 15% of the Foreign Disaster Fund. Austria's partnership with the humanitarian community is framed through co-ordination and accreditation. A co-ordination platform allows information to be exchanged among these NGOs and the various ministries involved in humanitarian assistance. However, until Austria updates its humanitarian strategy, this platform cannot be strategic. Funding from ADA is available to the 10 accredited Austrian NGOs, which reduces some red tape but still requires calls for proposals to respond to humanitarian needs. These calls for proposals are only organised once a response has been approved by the Council of Ministers and when funds are transferred to ADA. This does not make best use of the accreditation system.

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Notes

¹ For example, Austria supports the human dimensions of the OSCE, and the Office of the United Nations High Commissioner for Human Rights (OHCHR). It also hosts and supports the United Nations Office on Drugs and Crime (UNODC), in line with Austria's focus on fighting drug and organised crime.

² Between 2014 and 2017, bilateral ODA to fragile states declined from USD 172 million to USD 124 million. The share of humanitarian aid rose from 3% to 9% over the same period (OECD Creditor Reporting System, 2017 constant price, commitment, accessed August 2019).

³ In 2017 the annual allocation was EUR 20 million (USD 17 million). In 2018 it was EUR 15 million (USD 12.6 million) with EUR 5 million (USD 4.2 million) reserve.

⁴ The Intergovernmental Authority on Development (IGAD) is a regional grouping created on 21 March 1996 involving seven East African economies: Djibouti, Ethiopia, Kenya, Somalia, Sudan, South Sudan and Uganda. Its mission is to achieve peace, prosperity and regional integration in the IGAD region. See <https://igad.int/>.

⁵ The Economic Community of West African States (Communauté Economique des Etats de l'Afrique de l'Ouest, ECOWAS) is a 15-member regional group with a mandate to promote economic integration in all fields of activity of its member countries (Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal and Togo). See <https://www.ecowas.int/>.

⁶ The United Nations Multidimensional Integrated Stabilization Mission in Mali (Mission Multidimensionnelle Intégrée des Nations Unies pour la Stabilisation au Mali or MINUSMA) was established on 25 April 2013 by UN Security Council Resolution 2100. See <https://minusma.unmissions.org/en>.

⁷ In-donor refugee costs grew from USD 97.5 million in 2014 to USD 615.2 million in 2016, before reducing to USD 153.2 million in 2017, Creditor Reporting System, <https://stats.oecd.org/index.aspx?DataSetCode=CRS1> (accessed July 2019).

⁸ Austria's contribution to the 18th replenishment of the IDA was EUR 638 million, <http://ida.worldbank.org/sites/default/files/pdfs/ida18-donor-contributions.pdf>

⁹ Austria is the 4th largest contributor to the EU Regional Trust Fund in Response to the Syrian Crisis (EUR 13.5 million), https://ec.europa.eu/trustfund-syria-region/sites/tfsr/files/table_of_contributions_-_30062019.pdf, and the 15th largest to the EU Regional Trust Fund for Africa (EUR 8 million) https://ec.europa.eu/trustfundforafrica/sites/euetfa/files/background_not_on_the_eutf_for_africa.pdf.

¹⁰ These are Burkina Faso, Ethiopia, Uganda, Mozambique, Kosovo, West Bank and Gaza Strip.

¹¹ Mali, for example, is not a partner country. Nevertheless, Austria held the command of the EU Training Mission (EUTM) in Mali for the second half of 2019. Elements of development and humanitarian aid were brought in to support the narrative of a nexus, but not through a coherent whole-of-government analysis.

¹² In 2017, humanitarian assistance was delivered by the Austrian Development Agency, the Federal Ministry for Europe, Integration and Foreign Affairs, the Federal Ministry of Defence, the Federal Government of Austria, the Federal Ministry of Sustainability and Tourism, the Federal Ministry of Finance, the Federal Ministry of Interior (for civil protection purposes), as well as provincial governments and local communities.

¹³ In 2017, for example, Austria deployed humanitarian assistance to 28 countries in addition to regional projects.

Annex A. Progress since the 2015 DAC peer review recommendations

Towards a comprehensive Austrian development effort

Recommendations 2015	Progress
Austria should develop a clear approach to addressing policy incoherence, prioritising selected topics and mechanisms and including means of monitoring and reporting across government, while drawing on the expertise and analytical capacity existing in the country.	Not implemented
To ensure development effectiveness, Austria needs to set out clear developmental objectives and expected results of using ODA as a catalyst to leverage private investment.	Partially implemented

Vision and policies for development co-operation

Recommendations 2015	Progress
Austria should bring all aid-spending ministries in line with, and make them accountable for, achieving the objectives of the three-year programmes.	Partially implemented
Having a clear rationale for allocating resources geographically, by channel and by instrument, would increase the predictability of Austrian aid.	Partially implemented
Austria is encouraged to clarify its priorities for mainstreaming cross-cutting themes, and to ensure that it has the tools and resources to follow through on these priorities.	Partially implemented

Aid volume and allocation

Recommendations 2015	Progress
Austria should deliver on its commitment to develop a realistic time-bound roadmap to increase ODA in order to make progress towards meeting the 0.7% ODA/GNI target	Partially implemented
Austria should include debt relief in its ODA forecasts only after this is agreed by the Paris Club.	Not implemented
Austria should reverse the decline in the share of its ODA allocated to the LDCs, in keeping with its commitment to poverty reduction.	Partially implemented

Organisation and management

Recommendations 2015	Progress
Austria should ensure that, when involved in the same priority countries, the federal ministries, ADA and the Austrian Development Bank agree on a set of common development objectives, elaborate joint country strategies, and report on a single set of country results.	Partially implemented
Austria needs to develop a staff development strategy to ensure that it has the competence and expertise to engage in and deliver quality aid in its priority partner countries.	Partially implemented

Development co-operation delivery and partnerships

Recommendations 2015	Progress
Austria is encouraged to introduce a more comprehensive and systematic approach to risk management in its development co-operation programme, including at partner country level.	Partially implemented
Austria should reverse the decline in the share of its aid that is untied, bearing in mind the Accra and Busan commitments.	Partially implemented
Austria should engage more strategically with civil society in the countries where it works, based on clear guidelines.	Implemented
Austria should consistently apply a fragility lens to programming in fragile states.	Implemented

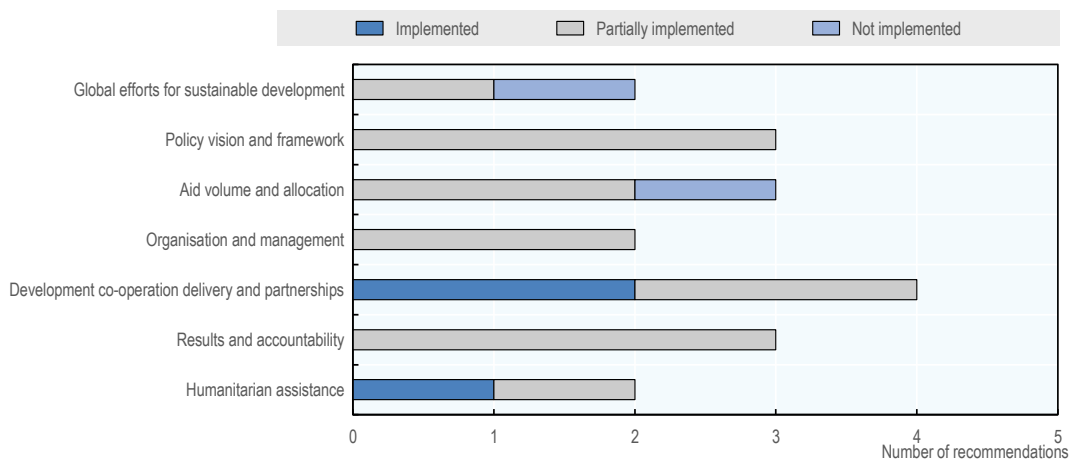
Results and accountability

Recommendations 2015	Progress
Austria is encouraged to develop a consistent and coherent approach to development results as well as a system to inform programming decisions and serve accountability needs.	Partially implemented
Setting up an evaluation committee under an independent oversight body would contribute to increasing commitment at all levels to follow up on recommendations from evaluations.	Partially implemented
Having a more strategic approach to communicating about development results and risks, and increasing transparency on how ADC is working, would contribute to promoting a culture that is more open to public information.	Partially implemented

Humanitarian assistance

Recommendations 2015	Progress
Austria should reflect on its humanitarian achievements, and develop a strategic focus and allocation criteria for its humanitarian programme, in order to increase predictability, facilitate performance monitoring, and to raise its profile on the international stage.	Partially implemented
Commitments to scale up the humanitarian budget should be kept, so that Austria can match its strategic ambitions with adequate resources.	Implemented

Figure A.1. Austria's implementation of 2015 peer review recommendations



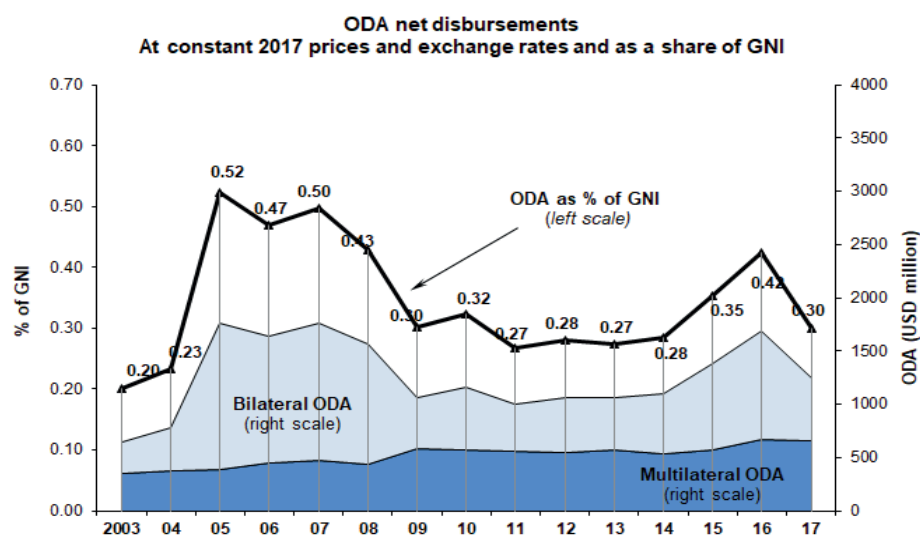
Annex B. OECD/DAC standard suite of tables

Table B.1. Total financial flows

USD million at current prices and exchange rates.

Austria	Net disbursements						
	2003-07	2008-12	2013	2014	2015	2016	2017
Total official flows	1 327	1 269	1 373	1 334	1 350	1 780	1 303
Official development assistance	1 213	1 256	1 171	1 235	1 324	1 635	1 251
Bilateral	846	676	543	637	783	986	600
Grants	856	677	521	628	777	986	590
Non-grants	- 10	- 1	22	9	5	1	11
Multilateral	367	580	628	598	541	649	651
Other official flows	115	13	202	99	27	144	52
Bilateral: of which	115	13	202	99	27	144	52
Investment-related transactions	-	-	-	-	-	28	55
Multilateral	-	-	-	-	-	-	-
Officially guaranteed export credits	482	- 70	- 9	25	- 28	- 74	- 78
Net Private Grants	108	178	177	191	163	-	-
Private flows at market terms	4 381	5 293	- 498	1 925	3 206	1 389	880
Bilateral: of which	4 381	5 293	- 498	1 925	3 206	1 389	880
Direct investment	4 381	5 233	- 610	1 763	3 206	1 389	880
Multilateral	-	-	-	-	-	-	-
Total flows	6 299	6 670	1 044	3 475	4 692	3 094	2 105
<i>for reference:</i>							
ODA (at constant 2017 USD million)	1 318	1 167	1 066	1 100	1 381	1 688	1 251
ODA (as a % of GNI)	0.40	0.32	0.27	0.28	0.35	0.42	0.30
ODA grant equivalent	-	-	-	-	1 207	1 638	1 254
Total flows (as a % of GNI) (a)	2.06	1.70	0.24	0.80	1.25	0.80	0.50
ODA to and channelled through NGOs	-	-	-	-	-	-	-
- In USD million	59	67	54	69	49	66	92
ODA to and channelled through multilaterals	-	-	-	-	-	-	-
- In USD million	388	663	716	681	602	750	759

a. To countries eligible for ODA.

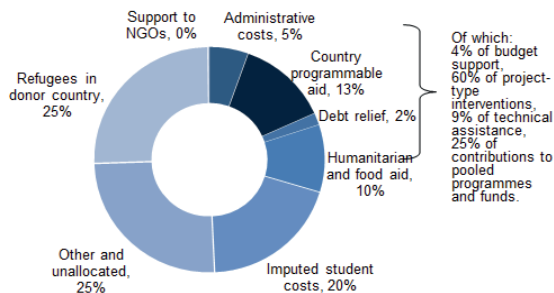


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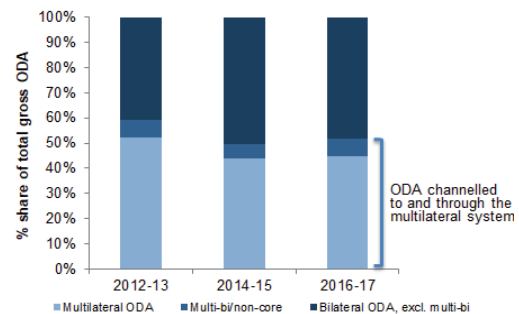
Table B.2. ODA by main categories

Disbursements											
Austria	Constant 2017 USD million					Per cent share of gross disbursements					Total DAC 2017 %
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	
Gross Bilateral ODA	499	572	823	1 024	605	47	52	59	60	48	74
Budget support	9	7	6	3	3	1	1	0	0	0	2
of which: General budget support	2	2	2	-	-	0	0	0	-	-	1
Core contributions & pooled prog.& funds	79	57	66	107	122	7	5	5	6	10	13
of which: Core support to national NGOs	1	1	0	0	1	0	0	0	0	0	1
Core support to international NGOs	1	1	1	1	1	0	0	0	0	0	0
Core support to PPPs	0	0	0	1	0	0	0	0	0	0	0
Project-type interventions	135	121	101	94	114	13	11	7	6	9	39
of which: Investment projects	32	26	20	17	24	3	2	1	1	2	13
Experts and other technical assistance	33	49	32	31	31	3	4	2	2	2	3
Scholarships and student costs in donor countries	104	103	118	125	129	10	9	9	7	10	2
of which: Imputed student costs	93	93	108	114	119	9	8	8	7	9	1
Debt relief grants	41	97	1	8	10	4	9	0	0	1	0
Administrative costs	33	33	33	32	33	3	3	2	2	3	5
Other in-donor expenditures	65	105	467	624	162	6	10	34	37	13	9
of which: refugees in donor countries	58	98	458	615	153	5	9	33	36	12	9
Gross Multilateral ODA	572	533	565	670	651	53	48	41	40	52	26
UN agencies	46	21	22	42	26	4	2	2	2	2	4
EU institutions	272	279	279	341	336	25	25	20	20	27	9
World Bank group	170	167	164	158	187	16	15	12	9	15	5
Regional development banks	63	59	56	94	73	6	5	4	6	6	3
Other multilateral	21	8	43	35	29	2	1	3	2	2	6
Total gross ODA	1 070	1 104	1 388	1 694	1 255	100	100	100	100	100	100
of which: Gross ODA loans	23	10	9	6	14	2	1	1	0	1	14
Bilateral	23	10	9	6	14	2	1	1	0	1	12
Multilateral	-	-	-	-	-	-	-	-	-	-	2
Repayments and debt cancellation	- 4	- 4	- 7	- 7	- 4						
Total net ODA	1 066	1 100	1 381	1 688	1 251						
For reference:											
Country programmable aid	83	72	69	71	75						
Free standing technical co-operation	213	207	208	199	211						
Net debt relief	41	97	1	8	10						

Composition of bilateral ODA, 2017, gross bilateral disbursements



Share of ODA channelled to and through the multilateral system, two year average



ODA flows to multilateral agencies, 2017

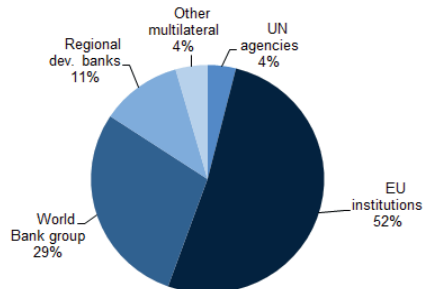
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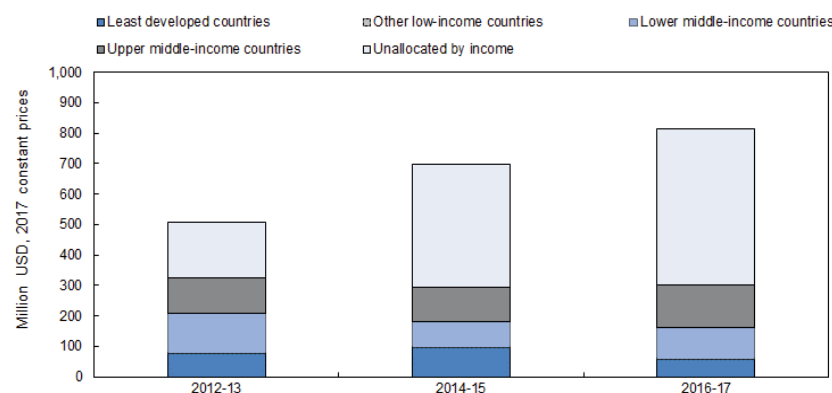
Table B.3. Bilateral ODA allocable by region and income group

Austria	Constant 2017 USD million					Gross disbursements					Total DAC 2017%
						% share					
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	
Africa	89	66	62	68	90	25	17	22	21	24	40
Sub-Saharan Africa	77	58	52	57	73	21	15	18	17	19	34
North Africa	6	4	5	6	13	2	1	2	2	3	4
Asia	119	164	61	51	73	33	42	21	16	19	30
South and Central Asia	89	139	33	31	46	24	36	12	10	12	18
Far East	30	22	27	19	25	8	6	9	6	6	11
America	23	26	19	30	29	6	7	7	9	8	9
North and Central America	17	15	11	22	22	5	4	4	7	6	4
South America	4	8	7	7	7	1	2	3	2	2	4
Middle East	20	21	32	47	43	6	5	11	14	11	13
Oceania	1	0	1	1	1	0	0	0	0	0	2
Europe	110	113	112	132	146	30	29	39	40	38	5
Total bilateral allocable by region	361	390	287	330	380	100	100	100	100	100	100
Least developed	99	142	46	47	66	33	42	19	17	20	39
Other low-income	0	0	0	0	0	0	0	0	0	0	1
Lower middle-income	84	84	90	96	112	28	25	37	35	34	41
Upper middle-income	113	115	109	132	146	38	34	44	48	45	19
More advanced developing countries	0	0	0	0	0	0	0	0	0	0	0
Total bilateral allocable by income	296	342	246	276	325	100	100	100	100	100	100
For reference ² :											
Total bilateral	499	572	823	1 024	605	100	100	100	100	100	100
of which: Unallocated by region	137	182	536	695	225	28	32	65	68	37	32
of which: Unallocated by income	203	229	577	749	280	41	40	70	73	46	39
Fragile and conflict-affected states (as per DCR of each year)	124	181	81	93	118	25	32	10	9	20	35
SIDS (as per data provided to UN)	1	1	2	10	11	0	0	0	1	2	2
Landlocked developing countries (as per data provided to UN)	63	56	62	53	70	13	10	8	5	12	14

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.

2. 'Fragile and conflict-affected states' group has overlaps with SDS and Landlocked developing countries and can therefore not be added. For the same reason, these three groups cannot be added to any income group.

Gross bilateral ODA by income group, 2012-17



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Table B.4. Main recipients of bilateral ODA

Austria	2012-13 average			Memo: DAC countries' average %		2014-15 average			Memo: DAC countries' average %		2016-17 average			Memo: DAC countries' average %	
	Current	Constant	%			Current	Constant	%			Current	Constant	%		
	USD million	2017 USD mln	share			USD million	2017 USD mln	share			USD million	2017 USD mln	share		
Côte d'Ivoire	49	47	9		Myanmar	54	48	7		Turkey	41	42	5		
Turkey	37	34	7		Turkey	28	26	4		Bosnia and Herzegovina	20	21	3		
Bosnia and Herzegovina	25	24	5		Bosnia and Herzegovina	24	23	3		Ukraine	14	14	2		
China (People's Republic of)	18	17	3		Albania	12	11	2		Uganda	13	13	2		
Myanmar	17	16	3		Uganda	11	11	2		Serbia	12	12	1		
Top 5 recipients	147	138	27	30	Top 5 recipients	128	120	18	22	Top 5 recipients	101	102	13	19	
Uganda	14	13	3		Serbia	11	11	2		Iran	11	11	1		
Kosovo	12	11	2		Ukraine	11	10	1		Ethiopia	10	10	1		
Serbia	11	11	2		Kosovo	10	10	1		Syrian Arab Republic	9	9	1		
Albania	10	9	2		China (People's Republic of)	10	9	1		Cuba	9	9	1		
Ethiopia	10	9	2		Iran	9	9	1		Albania	9	9	1		
Top 10 recipients	204	191	37	41	Top 10 recipients	179	168	25	35	Top 10 recipients	148	151	19	29	
Ukraine	9	9	2		Ethiopia	9	9	1		Kosovo	8	9	1		
Iran	8	8	2		Mozambique	7	6	1		Georgia	8	8	1		
Mozambique	8	7	1		West Bank and Gaza Strip	7	6	1		Iraq	7	7	1		
Burkina Faso	7	7	1		Moldova	6	6	1		China (People's Republic of)	6	6	1		
Bhutan	6	6	1		Viet Nam	5	5	1		West Bank and Gaza Strip	5	6	1		
Top 15 recipients	243	227	45	47	Top 15 recipients	212	200	30	41	Top 15 recipients	182	185	23	36	
Egypt	6	6	1		Mongolia	5	5	1		Burkina Faso	5	5	1		
West Bank and Gaza Strip	6	5	1		Guatemala	5	5	1		Mozambique	5	5	1		
Guatemala	6	5	1		Burkina Faso	5	4	1		Guatemala	5	5	1		
Moldova	6	5	1		Armenia	4	4	1		Moldova	4	5	1		
Viet Nam	5	5	1		Tajikistan	4	3	1		Kenya	4	4	1		
Top 20 recipients	271	253	50	51	Top 20 recipients	236	223	33	46	Top 20 recipients	207	210	26	40	
Total (116 recipients)	349	326	64		Total (118 recipients)	311	295	43		Total (123 recipients)	299	304	37		
Unallocated	196	183	36	34	Unallocated	405	403	57	43	Unallocated	499	511	63	49	
Total bilateral gross	546	509	100	100	Total bilateral gross	715	697	100	100	Total bilateral gross	799	815	100	100	

StatLink  <https://doi.org/10.1787/888934084703>

Table B.5. Bilateral ODA by major purposes

Commitments - Two-year average							
Austria	2012-13 average		2014-15 average		2016-17 average		DAC
	2017 USD million	%	2017 USD million	%	2017 USD million	%	2016-17 %
Social infrastructure & services	328	52	239	33	281	32	34
Education	157	25	146	20	157	18	7
of which: basic education	1	0	0	0	1	0	2
Health	70	11	33	5	30	3	5
of which: basic health	2	0	14	2	6	1	3
Population & reproductive health	0	0	0	0	2	0	6
Water supply & sanitation	36	6	22	3	18	2	4
Government & civil society	51	8	23	3	34	4	10
of which: Conflict, peace & security	12	2	5	1	5	1	2
Other social infrastructure & services	14	2	14	2	39	4	2
Economic infrastructure & services	49	8	38	5	36	4	18
Transport & storage	17	3	5	1	4	0	9
Communications	0	0	1	0	1	0	0
Energy	18	3	23	3	24	3	6
Banking & financial services	9	2	7	1	2	0	2
Business & other services	4	1	3	0	5	1	1
Production sectors	51	8	28	4	42	5	6
Agriculture, forestry & fishing	27	4	19	3	21	2	4
Industry, mining & construction	23	4	8	1	20	2	1
Trade & tourism	0	0	1	0	1	0	1
Multisector	27	4	28	4	27	3	9
Commodity and programme aid	4	1	2	0	0	0	2
Action relating to debt	67	11	48	7	9	1	1
Humanitarian aid	17	3	21	3	52	6	13
Administrative costs of donors	31	5	33	5	32	4	5
Refugees in donor countries	56	9	278	39	384	44	12
Total bilateral allocable	629	100	715	100	864	100	100
For reference:							
Total bilateral	640	56	729	55	875	56	77
of which: Unallocated	11	1	14	1	11	1	1
Total multilateral	508	44	585	45	692	44	23
Total ODA	1 148	100	1 313	100	1 567	100	100

	Commitments					
	2012-2013		2014-2015		2016-2017	
	Constant 2017 USD million	% Bilateral Allocable	Constant 2017 USD million	% Bilateral Allocable	Constant 2017 USD million	% Bilateral Allocable
Gender equality	75	20	78	30	107	33
Environment	77	21	75	29	100	31
Rio markers						
Biodiversity	29	8	19	7	21	7
Desertification	16	4	6	2	11	4
Climate change Mitigation only	24	6	30	12	38	12
Climate change Adaptation only	12	3	15	6	15	5
Both climate adaptation and mitigation	15	4	12	5	16	5

StatLink  <https://doi.org/10.1787/888934084722>

Table B.6. Comparative aid performance of DAC members

	Official development assistance			Net disbursements				Commitments	
	2017		2011-12 to 2016-17 Average annual % change in real terms	Share of multilateral aid		Grant element of ODA commitments 2017		Untied aid % of bilateral commitments 2017	
	USD million	% of GNI		2017		% (a)			
				% of ODA (b)	% of GNI (c)				
				(b)	(c)	(b)	(c)		(d)
Australia	3 036	0.23	-4.2	20.5		0.05		100.0	100.0
Austria	1 251	0.30	7.4	52.0	25.2	0.16	0.08	100.0	50.1
Belgium	2 196	0.45	-0.2	41.0	12.2	0.18	0.05	99.9	95.6
Canada	4 305	0.26	-1.5	27.4		0.07		94.5	93.9
Czech Republic	304	0.15	7.4	73.5	17.1	0.11	0.03	100.0	55.9
Denmark	2 448	0.74	-0.5	29.7	18.2	0.22	0.13	100.0	100.0
Finland	1 084	0.42	-2.9	44.8	21.8	0.19	0.09	100.0	98.3
France	11 331	0.43	-0.7	41.3	20.1	0.18	0.09	81.0	96.1
Germany	25 005	0.67	15.2	20.7	8.8	0.14	0.06	90.2	85.5
Greece	314	0.16	2.7	73.0	12.0	0.11	0.02	100.0	90.6
Hungary	149	0.11	9.4	73.5	16.5	0.08	0.02	100.0	..
Iceland	68	0.28	14.7	20.7		0.06		100.0	100.0
Ireland	838	0.32	0.9	41.2	17.0	0.13	0.05	100.0	100.0
Italy	5 858	0.30	12.2	49.2	19.1	0.15	0.06	98.8	90.9
Japan	11 463	0.23	6.2	29.5		0.07		85.4	82.5
Korea	2 201	0.14	7.7	26.6		0.04		93.2	50.2
Luxembourg	424	1.00	2.3	28.3	19.5	0.28	0.19	100.0	98.8
Netherlands	4 958	0.60	-0.7	28.7	16.9	0.17	0.10	100.0	94.9
New Zealand	450	0.23	1.3	17.6		0.04		100.0	74.6
Norway	4 125	0.99	5.0	24.2		0.24		100.0	100.0
Poland	679	0.13	13.8	67.3	9.5	0.09	0.01	99.6	60.3
Portugal	381	0.18	-8.9	69.9	21.7	0.13	0.04	97.2	68.6
Slovak Republic	119	0.13	10.0	70.3	8.5	0.09	0.01	100.0	62.2
Slovenia	76	0.16	8.1	67.1	11.9	0.11	0.02	100.0	99.6
Spain	2 560	0.19	5.5	73.3	27.8	0.14	0.05	99.1	83.5
Sweden	5 563	1.02	2.8	31.2	23.9	0.32	0.24	100.0	89.7
Switzerland	3 138	0.46	4.0	25.7		0.12		100.0	96.5
United Kingdom	18 103	0.70	7.8	37.4	27.8	0.26	0.19	95.5	100.0
United States	34 732	0.18	0.8	13.6		0.02		100.0	63.5
Total DAC	147 160	0.31	4.3	28.3		0.09		93.6	82.0

Notes:

- a. Excluding debt reorganisation.
b. Including EU institutions.
c. Excluding EU institutions.
d. Excluding administrative costs and in-donor refugee costs.
.. Data not available.

StatLink  <https://doi.org/10.1787/888934084741>

Table B.7. Comparative performance of aid to LDCs

	Net disbursements						Commitments		
	Bilateral ODA to LDCs			Total ODA to LDCs (Bilateral and through multilateral agencies)			Grant element of bilateral ODA commitments ^a to LDCs (two alternative norms)		
	2017		% of GNI	2017		% of GNI	Annually for all LDCs Norm: 90%		3-year average for each LDC Norm: 86% 2015-2017
	USD million	% bilateral ODA		USD million	% total ODA		2016	2017	
Australia	665	27.6	0.05	852	28.1	0.07	100.0	100.0	c
Austria	63	10.5	0.02	293	23.4	0.07	100.0	100.0	c
Belgium	402	31.0	0.08	649	29.6	0.13	99.3	99.8	c
Canada	957	30.6	0.06	1 486	34.5	0.09	100.0	100.0	c
Czech Republic	13	15.8	0.01	64	21.1	0.03	100.0	100.0	c
Denmark	472	27.4	0.14	729	29.8	0.22	100.0	100.0	c
Finland	166	27.7	0.06	325	30.0	0.13	100.0	100.0	c
France	1 129	17.0	0.04	2 753	24.3	0.10	80.8	75.1	n
Germany	2 423	12.2	0.06	4 089	16.4	0.11	95.9	99.8	n
Greece	0	0.2	0.00	56	18.0	0.03	100.0	100.0	c
Hungary	4	11.0	0.00	29	19.2	0.02	100.0	100.0	c
Iceland	14	25.4	0.06	20	28.6	0.08	100.0	100.0	c
Ireland	248	50.4	0.09	359	42.9	0.14	100.0	100.0	c
Italy	326	11.0	0.02	1 161	19.8	0.06	98.8	97.5	c
Japan	3 358	41.6	0.07	5 001	43.6	0.10	91.5	87.8	n
Korea	588	36.4	0.04	780	35.4	0.05	93.0	94.6	c
Luxembourg	141	46.4	0.33	182	42.9	0.43	100.0	100.0	c
Netherlands	546	15.5	0.07	1 045	21.1	0.13	100.0	100.0	c
New Zealand	102	27.6	0.05	127	28.3	0.07	100.0	100.0	c
Norway	733	23.4	0.18	1 165	28.2	0.28	100.0	100.0	c
Poland	14	6.4	0.00	113	16.6	0.02	80.4	85.0	n
Portugal	43	37.7	0.02	123	32.4	0.06	92.2	94.4	n
Slovak Republic	4	9.9	0.00	22	18.7	0.02	100.0	100.0	c
Slovenia	0	1.8	0.00	12	16.3	0.03	100.0	100.0	c
Spain	97	14.2	0.01	584	22.8	0.04	100.0	100.0	c
Sweden	1 023	26.7	0.19	1 708	30.7	0.31	100.0	100.0	c
Switzerland	574	24.6	0.08	922	29.4	0.13	100.0	100.0	c
United Kingdom	3 319	29.3	0.13	6 081	33.6	0.23	100.0	100.0	c
United States	10 008	33.4	0.05	12 091	34.8	0.06	100.0	100.0	c
Total DAC	27 433	26.0	0.06	42 823	29.1	0.09	100.0	100.0	..

Notes:

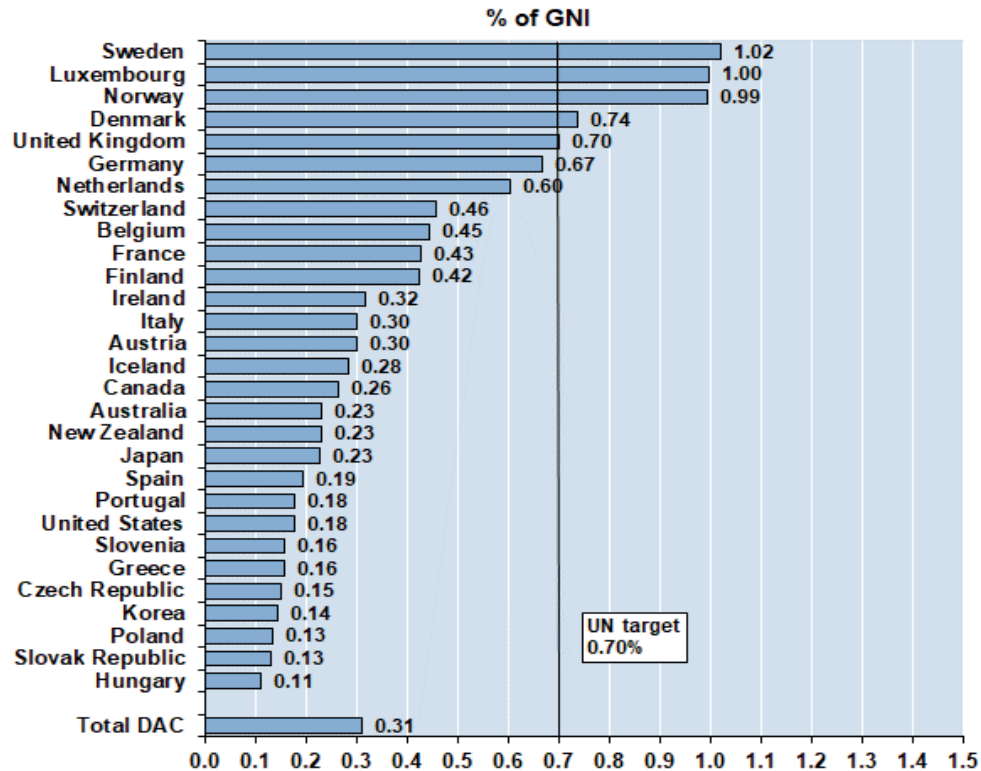
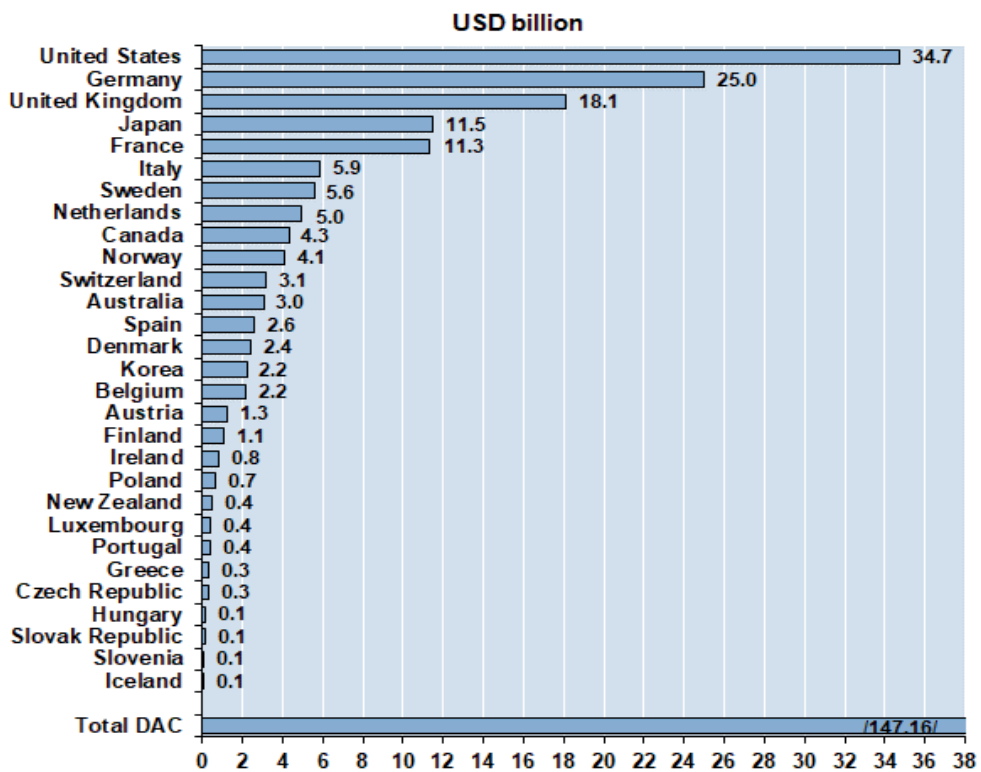
a. Excluding debt reorganisation. Equities are treated as having 100% grant element, but are not treated as loans.

b. c = compliance, n = non compliance.

.. Data not available.

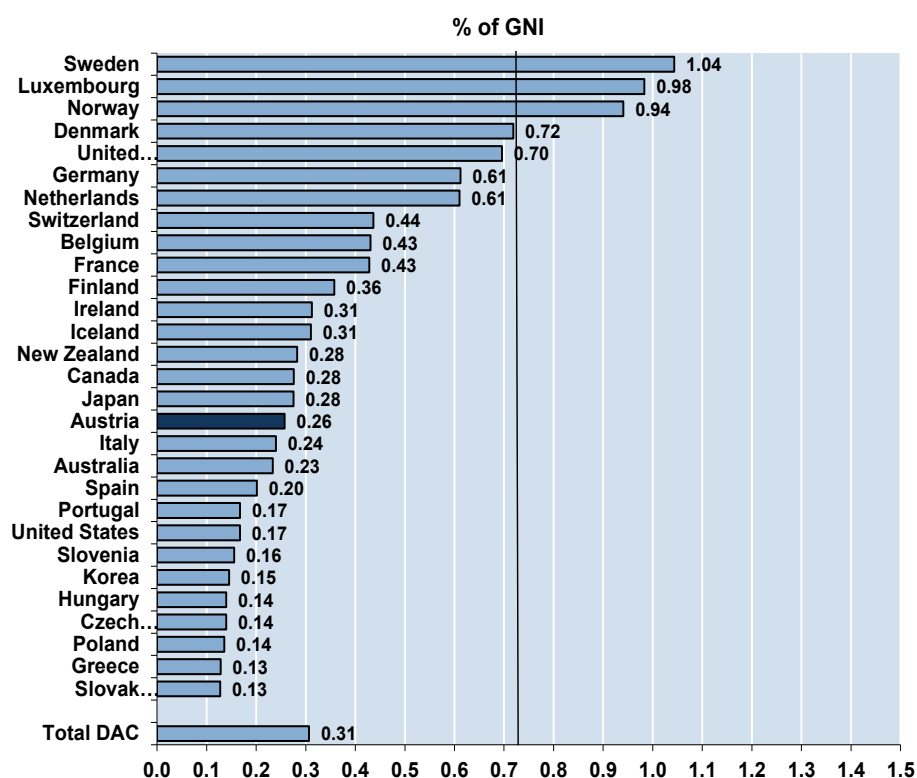
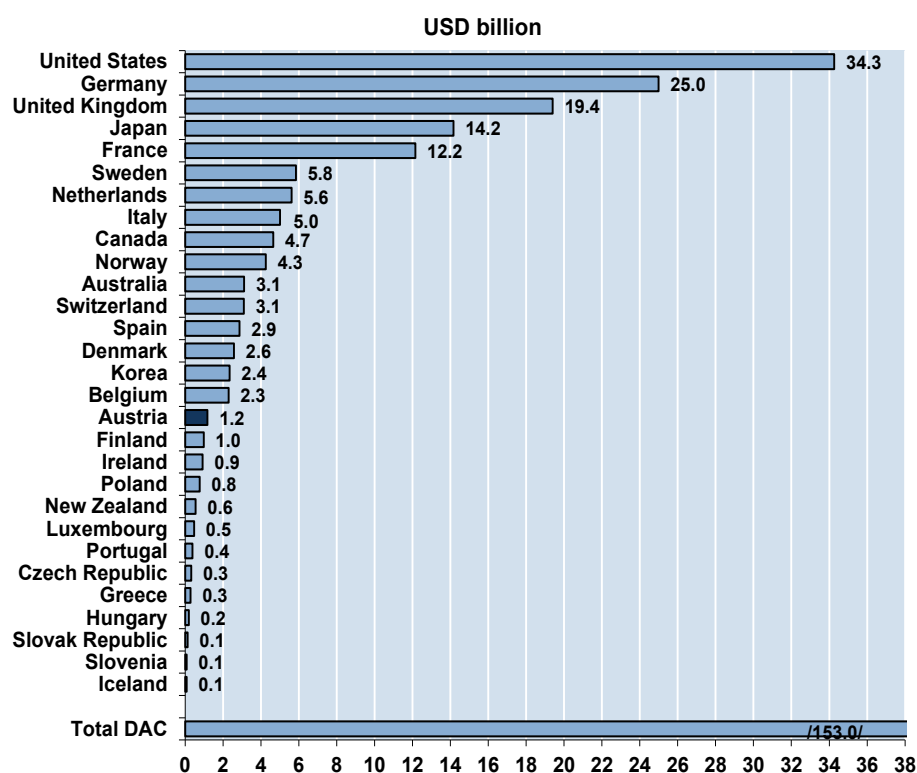
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Figure B.1. Net ODA from DAC countries in 2017



StatLink  <https://doi.org/10.1787/888934084570>

Figure B.2. Grant equivalent ODA from DAC countries in 2018 (preliminary data)



StatLink  <https://doi.org/10.1787/888934084589>

Annex C. Field visit to Kosovo

As part of the peer review of Austria, a team of examiners from Ireland and the Slovak Republic, together with the OECD, visited Kosovo in June 2019. The team met with Austria's Ambassador in Kosovo and the Head of the Austrian Co-ordination Office, as well as with Austrian diplomatic and development co-operation professionals, public authorities in Kosovo, parliamentarians, security sector actors, other bilateral providers, multilateral agencies, and civil society and private sector organisations.

C.1. Development in Kosovo

Despite progress since the conflict, several structural challenges are constraining Kosovo's development

Kosovo is situated in the Western Balkans, with a population of approximately 1.8 million. Frictions between ethnic Serbian and Albanian communities culminated in the Kosovo conflict of 1998 and 1999, which ended after the intervention of the United Nations and North Atlantic Treaty Organization (NATO). Kosovo unilaterally declared independence from Serbia in 2008 and declared the end of a period of “supervised independence” in 2012 (United Nations, 2012^[1]).

Kosovo ranks around 85th on the United Nations Development Programme (UNDP) Human Development Index, among the lowest in the Western Balkans region (UNDP, 2016^[2]). It has lower middle-income status.¹ Life expectancy increased from 67 to 72 years between 1999 and 2017 (World Bank, n.d.^[3]), and the poverty rate is 29.7% (UNDP, n.d.^[4]). Kosovo has introduced some reforms since 2008, yet significant barriers to development remain. Informality, growing state capture and corruption are major constraints on public spending.² Further challenges are a large infrastructure gap; an unreliable, coal-based energy supply; and low labour-force participation and high unemployment, particularly among young workers (IMF, 2018^[5]).³ Female labour force participation is very low at just 11.5%, compared to 51% in the European Union (EUI, 2018^[6]) and the Western Balkans average of 45% (Atoyan and Rahman, 2017^[7]).

Gross domestic product (GDP) growth averaging 3.5% over 2009-17 (World Bank, 2018^[8]) is strong by the region's standards and driven largely by remittances, which fuel consumption, and high levels of public sector spending and investments.⁴ The domestic private sector is underdeveloped and dominated by micro-enterprises, and trade is characterised by a high share of imports (UNDP, 2016^[2]). A well-trained

labour force could offer a major resource for economic growth in Kosovo, given its young population, averaging 26 years (World Bank, 2018^[9]). However, the mismatch between skills and labour market needs (IMF, 2018^[5]), and Kosovo's weak education system (OECD, 2015^[10]) is a critical challenge.⁵ Political interference (e.g. non-merit based appointments) is a particular challenge for higher education,⁶ while corruption, an unreliable energy supply and burdensome administrative procedures are holding back private sector development (European Commission, 2019^[11]).

Kosovo's current status and efforts to support its European Union (EU) integration – Kosovo's 'European perspective' – also shape its development trajectory and context. Kosovo signed a Stabilization and Association Agreement with the EU in 2015 and in 2018 was named as one of six Western Balkan countries and territories able to join the EU once it meets the criteria to accede. Kosovo's progress has been slow in critical areas, such as governance, the functioning of democratic institutions and tackling the informal economy (European Commission, 2019^[11]). Challenges also remain in negotiating the normalisation of Serbia-Kosovo relations.⁷

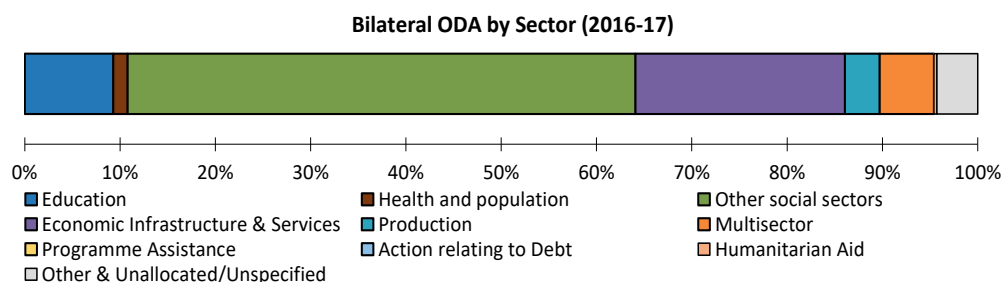
In 2017, official development assistance (ODA) accounted for 5.4% of Kosovo's gross national income (OECD, 2018^[12]). While this represents a decline in recent years, Kosovo continues to be one of the highest recipients of ODA per capita (OECD, CRS).⁸ The United States, Germany, Switzerland, Sweden and Turkey were the biggest bilateral donors in 2017 (Figure C.1). The EU institutions remain by far the largest contributors, providing USD 156.5 million a year (averaged over 2016-17).

Figure C.1. Aid at a glance – Kosovo

Receipts	2015	2016	2017
Net ODA (USD million)	438	370	392
Bilateral share (gross ODA)	46%	53%	48%
Net ODA / GNI	6.7%	5.4%	5.4%
Other Official Flows (USD million)	-15	27	4
Net Private flows (USD million)	188	108	306
Total net receipts (USD million)	610	505	702

For reference	2015	2016	2017
Population (million)	1.8	1.8	1.8
GNI per capita (Atlas USD)	3 980	3 880	3 890

Top Ten Donors of gross ODA (2016-17 average)		(USD m)
1	EU Institutions	157
2	United States	57
3	Germany	49
4	Switzerland	24
5	OSCE	18
6	Sweden	14
7	Turkey	11
8	International Development Assi	10
9	Austria	8
10	Luxembourg	8



Source: OECD (2019) Aid at a Glance Statistics, <https://www.oecd.org/dac/stats/aid-at-a-glance.htm>.

StatLink  <https://doi.org/10.1787/888934084608>

C.2. Towards a comprehensive Austrian development effort

Austria is a long-standing supporter of Kosovo's state building, development and European perspective

Relations with the Balkan area are a core element of Austrian foreign policy. Austria has been involved in state building in Kosovo both bilaterally and via international efforts since the break-up of Yugoslavia in the 1990s. Austria was also an early and long-standing supporter of Kosovo's European perspective, including through bilateral institutional and cultural relations, notably around higher education (WUS Austria, 2007^[13]).

Kosovo is one of 11 priority countries and territories in the current Three-Year Programme on Austrian Development Policy (MFA, 2019^[14]). Austrian Development Cooperation (ADC) has worked through a liaison office in Pristina since 2003, and a Co-Ordination Office since 2008, underpinned by a bilateral agreement between Austria and Kosovo. Austria's Ambassador, resident in Pristina since 2009, is responsible for overall bilateral relations including economic, trade, cultural and security issues. In addition to the Ministry of Europe, Integration and Foreign Affairs (hereafter, Ministry of Foreign Affairs) and Austrian Development Agency (ADA), the federal ministries of finance, the interior, defence, and education, science and research, the Federal Chancellery, and the Austrian Chamber of Commerce are all active in Kosovo and mostly keep the Embassy informed about their work (Government of Austria, 2019^[15]). The Ministry of Interior is represented in Kosovo by a Police Attaché based at the Embassy, the Ministry of Defence by Austria's representation on the NATO Kosovo Force (NATO-KFOR), and the Chamber of Commerce from its office in Slovenia. Austria continues to support and participate in the European Union Rule of Law Mission and the United Nations Interim Administration Mission in Kosovo (UNMIK).⁹

Austria is well placed to bring about change in Kosovo

While the Kosovo Ministry for European Integration is responsible for donor co-ordination, primarily through an annual High-Level Forum, its capacity to steer donors is weak. Several European Union-funded aid-management platforms have been ineffective and sector working group meetings are sporadic. Donors meet quarterly at an informal level and, in practice, tend to focus primarily on their own niche sectors.

Austria's strong presence and its unique historical relationship with Kosovo is an opportunity to better align its political and development efforts. Austria engages in dialogue with Kosovo in its two priority sectors (education and economic development), and participates in sector working group meetings when they occur. However, given its valued, long-standing engagement in historically politicised sectors, such as higher education, and the regard in which it is held in Kosovo, Austria could strengthen its support to policy reform and do more to address underlying development challenges, such as growing state capture. This is particularly important given that the weak formal mechanisms for donor co-ordination in Kosovo are limiting the scope for donors to engage in dialogue with the public authorities and drive change.

C.3. Austria's policies, strategies and aid allocation

ADC's engagement in Kosovo focuses on education and rural development

The current ADC strategy for Kosovo covers the period 2013-21 (ADC, 2013^[16]).¹⁰ Its overall goals are poverty reduction through ecologically sustainable development; peace and human security through the strengthening of the rule of law, democratic institutions and respect for minority rights; and support for Kosovo's European and regional integration. The strategy identifies two priority sectors: private sector development focusing on rural areas, and education, in particular higher education. It also includes governance as an additional cross-cutting theme; however, this theme is not yet well integrated into the

two sectoral programmes (Kacapor-Dzihic, Hajdari and Van Caubergh, 2018^[17]). More could be done to leverage Austria's recognised work in these sectors and to address cross-cutting governance issues. For example, fighting corruption could feature more prominently in Austria's education programmes, e.g. by integrating this issue into academic curricula and training.

Efforts to target specific issues within ADC's priority sectors align with Kosovo's development needs and Austria's capacity to add value. The focus on higher education places emphasis on quality assurance and compliance with international and EU standards, and support for matching higher education to labour market needs. This reflects continuity in Austria's long-term engagement, is appreciated and aligned with the needs expressed by Kosovo, and does not duplicate other actors' efforts.¹¹

Aid allocations reflect both Austria and Kosovo's priorities

The long-standing and consistent nature of Austria's engagement is widely recognised and appreciated by public authorities and local partners. In 2016-17, Austria was the sixth largest bilateral donor, providing USD 8.4 million to Kosovo in ODA on average a year (OECD, 2019^[18]). Over 2013-17, it is estimated that Austria also channelled USD 3.9 million to Kosovo via multilateral channels (using imputed figures and 2017 constant prices) (CRS, OECD). While Austrian bilateral ODA to Kosovo has decreased in recent years, Austria is seen as a committed, longstanding and predictable partner by Kosovo, and overall awareness of Austria's contributions – which does not distinguish between the efforts of ADC and the Embassy – in Kosovo goes well beyond its relatively small budget.

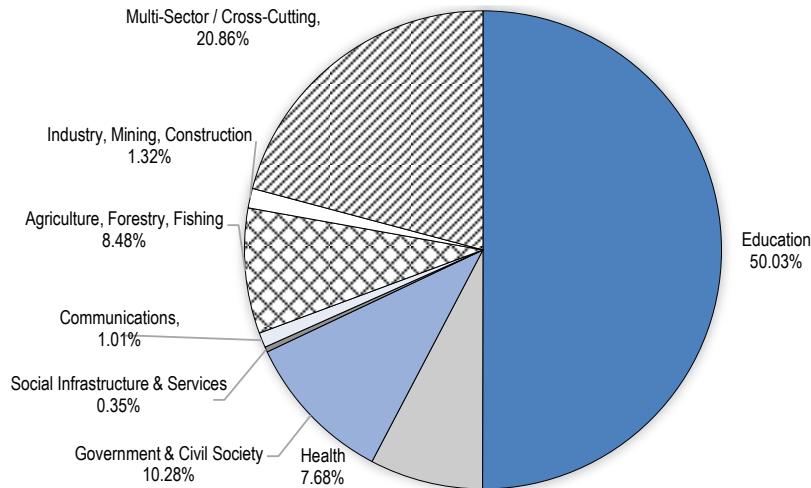
Austria also channels its bilateral development assistance to Kosovo in line with its sectoral priorities. Averaged over 2016-17, half of Austria's sector allocable ODA went to education in Kosovo. Around 10% was reported as targeting public authorities and civil society, and 8% as targeting agriculture, forestry and fishing (Figure C.2).

Kosovo is a recipient of Austria's soft-loan programme, managed by the *Oesterreichische Kontrollbank AG* (OeKB) under the overall responsibility of the Ministry of Finance. This support (equalling USD 108 million in 2017), primarily targeting the water sector, is provided in the form of an interest subsidy, and is tied to Austrian businesses. Austria should consider whether this mode of funding is best suited to its objectives of poverty reduction, given that tying aid can raise costs and thereby undermine efficiency (Chapter 3).

Austria could work more with other bilateral partners to drive change

ADA is responsible for implementing the EU-funded Aligning Education with Labour Market Needs (ALLED) project, which supports the Kosovo Ministry of Education, Science and Technology in reforming the education system.¹² Austria has few projects with other bilateral partners in Kosovo, reflecting the fact that few donors are active in each sector. While maintaining ADC's strong sectoral focus, given its small budget and the challenging donor co-ordination environment, Austria could work more with other bilateral partners to scale up efforts and tackle underlying challenges in Kosovo. This is particularly important considering the significant contribution official transfers make to government revenues. To improve opportunities for partnership, Austria could also consider whether the limited possibility for it to commit funds over longer periods constrains its ability to enter into common arrangements with donors used to longer investments.

Figure C.2. Austrian ODA to Kosovo by sector, commitments, 2016-17 average



Source: Based on (OECD, 2019^[18]), Creditor Reporting System (database) <https://stats.oecd.org/index.aspx?DataSetCode=CRS1>.

StatLink  <https://doi.org/10.1787/888934084627>

Austria could better integrate fragility into its development co-operation

The stabilisation situation in Kosovo has significantly improved over the past 20 years. In addition to EU-led processes aimed at normalising relations between Kosovo and Serbia, several international actors maintain a presence under the mandate of United Nations Security Council Resolution 1244 (1999), which Austria continues to support.¹³

The current ADC strategy recognises Kosovo as having aspects of fragility, and links these to Austrian development co-operation efforts on governance and institution building (ADC, 2013^[16]). However, there is little evidence of governance being a strong priority (Kacapor-Dzihic, Hajdari and Van Caubergh, 2018^[17]). At the same time, Austria remains the biggest non-NATO contributor of troops to Kosovo Force (400 members of the armed forces) and continues to support UNMIK with a Police Operation Liaison Officer. Austria stopped providing humanitarian assistance to Kosovo in 2015 (OECD, 2019^[18]).¹⁴

Rising state capture and corruption are emerging as critical challenges in Kosovo today and are likely to pose a risk to stability. This requires a different set of tools and approaches to those used directly after the conflict in 1998 and 1999. In this regard, there remains significant room for Austria to better link its political, security and development co-operation efforts in addressing the challenges in Kosovo effectively. The use of regular political economy analysis, in addition to the ten-step process for developing ADC country strategies (Chapter 5), could usefully inform these efforts.

C.4. Organisation and management

Achieving a whole-of-government approach is proving challenging for Austria

Several Austrian stakeholders are engaged in Kosovo, contributing ODA and other official flows. For example, Austria's contribution to private sector development includes ADA support to micro-enterprises via the Business Partnerships programme, the Chamber of Commerce's support for Austrian companies, and potential larger investments by the Austrian Development Bank. While staff in the ADC Co-ordination Office seek complementarities across projects managed by ADA, this works less well with other actors. Given the need for Kosovo to build domestic productive capacity and increase foreign investment, and the

range of support already provided by the Austrian system, there is a significant opportunity for Austria to achieve a more co-ordinated and mutually reinforcing approach to private sector development, to fill gaps, share knowledge and scale up results.

Partners also raised the need for greater coherence between ADA's commitment to consider and address environmental challenges, and Austrian support for large infrastructure investments, citing environmental risks associated with a hydropower dam project. Full consideration of environmental and social risks may be facilitated by better linking the different parts of the Austrian system so as to improve learning and co-ordination. Prioritising the activities pursued by all Austrian actors, including its multilateral, regional and bilateral co-operation, and other forms of financing, and presenting these in the next ADC Kosovo strategy would contribute to a more coherent whole-of-government approach. This would help to present a more comprehensive picture of Austria's support to Kosovo, making it easier to communicate to stakeholders the breadth and depth of its activities.

This would also help identify possible domestic actions that could complement and support Austria's long-term and very significant development efforts in Kosovo (Chapter 1). This may include, for example, offering access to seasonal labour opportunities, and enhancing bilateral co-operation on social security.

The ADC Co-ordination Office has a good reputation, but capacity constraints bring risks

The ADC office in Pristina has four staff members, three of whom are locally engaged. These staff play a critical role in providing local context, maintaining close relationships with public authorities, implementing partners and local civil society, and ensuring institutional knowledge and memory. Staff efforts to monitor project implementation is a key strength of the ADC approach in Kosovo. In addition to managing bilateral projects, the office is also responsible for monitoring relevant projects pursued under ADC's regional strategy for the Danube and Western Balkans area (ADC, 2016^[19]).

ADC Co-ordination Offices have very limited authority, with decision making centralised in Vienna. While the office is responsible for identifying and proposing projects, approval is required by ADA; initiatives up to EUR 10 000 supported through the small projects fund can be approved in the field. Headquarters must approve all administrative expenditures for the procurement of goods above EUR 400. The limited budgetary resources available to offices also constrains their ability to offer competitive employment terms. In Kosovo, the small training budget, which has not been increased despite a rise in staffing levels, and the centralisation of official training, also limit professional development opportunities for local staff. Furthermore, each sectoral pillar being managed by just one person is a threat to operational continuity and institutional memory.

Following up on the ongoing strategic evaluation of ADA is a significant opportunity for Austria to address some of these challenges. For example, greater decentralisation of budgets to ADC Co-ordination Offices may increase flexibility in managing limited resources effectively.

ADC has strengthened its approach to some cross-cutting issues, but struggles with environment, governance and corruption risk management

Gender, environment and governance are defined in ADC's Kosovo strategy as cross-cutting issues and themes. Gender equality and women's empowerment are critical challenges in Kosovo, and ADC has taken especially clear action on gender. This includes institutionalising gender mainstreaming into project design, and facilitating engagement between implementing partners and gender experts through training by local organisations, such as the Kosovo Women's Network. This has strengthened gender sensitivity among staff and contributed to the capacity building of local civil society.

As noted in the recent ADC Kosovo strategy mid-term evaluation, however, there is room to improve ADC's approach to environment and governance (Kacapor-Dzihic, Hajdari and Van Caubergh, 2018^[17]). While corruption is highlighted in the strategy as an important element of governance, this is not effectively followed up in practice. Under the rural economic development pillar of the Kosovo programme, for example, Austria provides agricultural grants to smallholder farmers via a Local Development Fund. This is an area of potentially high corruption risk in Kosovo, as highlighted by recent reports of the Kosovo National Audit Office (National Audit Office, 2019^[20]), (National Audit Office, 2019^[21]). Yet, during the visit, there was very little evidence that diagnostic resources such as these reports are being used by ADC staff when designing and implementing programmes. Austria should also consider whether creating parallel instruments, in this case a parallel grant instrument, is the most sustainable and constructive approach. Closer collaboration with national authorities and existing instruments is necessary to address prevailing issues and dysfunctionalities. Otherwise, parallel programmes run the risk of legitimising, albeit unwittingly, corrupt and dysfunctional processes and instruments. A more active and targeted effort to address underlying challenges around corruption, particularly in priority sectors, may be merited.

Translating the strong approach taken on gender to other cross-cutting issues, such as additional training and leveraging local expertise, could be a first step to increase staff understanding of and sensitivity to these issues. Ensuring timely training for local staff on the new Environment, Gender and Social Impact Management tool would support this approach. The planned roll out of a new risk management system by ADC will also be important to address the lack of systematic and ongoing risk management in activities, to facilitate staff abilities to better identify, assess and mitigate risks, in particular external contextual ones.

Ensuring guidance is proportionate to context-specific risks will be important.

The comprehensive programme management guidance developed by ADC is helping staff and partners in Kosovo to design and account for their activities. While implementing partners recognise that investment at the planning stage enhances project implementation, the detailed nature of ADC guidance adds to preparation time. Guidance and assessments should therefore be proportionate and targeted to context-specific risks. The potential detrimental development impact of specific risks could also constitute important criteria when selecting areas of focus. Further, ADC guidance has been developed over extended periods, creating the risk of duplication and overlap. ADC should also ensure that all relevant guidance is translated into the working languages of the coordination offices.

C.5 Partnerships, results and accountability

Austria is seen as a flexible, constructive and reliable partner in Kosovo

Austria has built positive and productive relationships with its implementing partners in Kosovo, who appreciate the active and constructive collaboration shown by ADC staff in both Pristina and Vienna. Implementing partners also value Austria's willingness to adapt to changes in context during project implementation, and to maintain support when partners raise controversial issues. Austria recognises the importance of engaging with and building the capacity of local civil society organisations. However, limits on the volume and duration of contracts with local organisations may be constraining this approach (Chapter 5).

ADC's approach to evaluations and audit could be more proportionate

The recent meta-evaluation of ADA project and programme evaluations recommends revisiting guidelines, which require every project to be evaluated. A more proportionate approach, drawing on the results of monitoring by implementing partners, would enable ADC to make better use of scarce resources.

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Notes

¹ The 2016 Human Development Index (HDI) ranking shows that Kosovo's HDI in 2016 was lower than that of Montenegro (0.802), Serbia (0.771) and North Macedonia, previously the Former Yugoslav Republic of Macedonia (0.747), and around equal to Albania and Bosnia and Herzegovina (both ranked 85th) (UNDP, 2016^[2]). Both Albania and Bosnia and Herzegovina increased their positions in 2018. Kosovo was not included in the 2018 HDI ranking (UNDP, 2018^[26]).

² See recent reports by Transparency International and the Kosova Democratic Institute (Kosova Democratic Institute, 2019^[23]) and by the European Commission (European Commission, 2019^[11]).

³ Unemployment is the highest in the region at 32.9% in 2017 (EUI, 2018^[6]), while the unemployment rate for youth (aged 15 to 24 years) is 52.7% (Government of Kosovo, 2018^[24]).

⁴ In 2018, remittances accounted for 15.8% of GDP (World Bank, n.d.^[27]). While around 60% of remittances come from Germany and Switzerland both of which have strong labour markets (Grieverson, 2017^[22]), this remittance-driven consumption increases Kosovo's vulnerability to external change. Foreign direct investment inflows were just 3%, below the regional average (World Bank, n.d.^[28]). By comparison, foreign direct investment inflows to Albania in the same year were 8%, to North Macedonia 8.8%, Bulgaria 4.8%, Bosnia and Herzegovina 2.5%, and Serbia 8.1% (World Bank, n.d.^[28]).

⁵ Kosovo's scores in the 2015 Programme for International Student Assessment (PISA) were very low (the first year in which it participated in PISA, and the most recent year for which results are available).

⁶ For example, the 2016 European Commission Kosovo report noted "Kosovo needs to improve transparency in the operation of higher education institutions to address politicised recruitment" and that "Education remains a high risk sector for corruption and political influence, especially in higher education" (European Commission, 2016^[25]). The most recent report indicated that political interference in higher education remains a challenge, blaming political interference on the Accreditation Agency for Higher Education's exclusion from the European Quality Assurance Register for Higher Education. The report also stated that media and civil society organisations "continually expose cases of plagiarism and academic promotions based on political influence and nepotism rather than merit, often involving

professors in senior management positions” and noted “A lack of transparency in recruiting teachers and managing staff remains an issue across all educational institutions” (European Commission, 2019^[11]).

⁷ In April 2013, Serbia and Kosovo agreed to normalise their relations through EU-facilitated talks, which produced several subsequent agreements which the parties are currently implementing. Tensions between Kosovo-Albanians and Kosovo-Serbs remain in a limited number of areas (particularly in Mitrovicë/Mitrovica region); however the impact is mostly local (UNDP, n.d.^[4]).

⁸ ODA as a share of gross national income was down from 13.6% in 2009. Over the period 2008 to 2017, Kosovo was the fourth largest recipient of official development assistance per capita among countries and territories with a population of 1 million or more (OECD, 2019^[18]).

⁹ Austria supports NATO-KFOR with around 400 members of the armed forces, and the UN Mission in Kosovo with a Police Operation Liaison Officer. Information provided by the Government of Austria in the context of the peer review.

¹⁰ A decision was taken in 2019 to extend the current strategy, covering 2013 to 2020, for one additional year, to 2021.

¹¹ Key projects include Higher Education, Research and Applied Science (HERAS) and the EU Aligning Education with Labour Market Needs (ALLED) project, which is now in its second phase.

¹² For more information see the project website: <http://www.alledkosovo.com/our-mission/>.

¹³ This includes UNMIK, the Organization for Security and Co-operation in Europe (OSCE), which retains the status of UNMIK’s pillar for institution building, and the European Union Rule of Law Mission in Kosovo (EULEX), which has operational responsibility in the area of rule of law. KFOR also derives its mandate from Security Council resolution 1244 (1999) as well as the Military-Technical Agreement between NATO, the Federal Republic of Yugoslavia and Serbia. While KFOR’s original objectives were to deter renewed hostilities, demilitarise the Kosovo Liberation Army, support the international humanitarian effort and co-ordinate with the international civil presence, its current focus is on maintaining a safe and secure environment and freedom of movement.

¹⁴ In 2016-17, only Germany, Italy, Japan and the United States provided small amounts of humanitarian aid, totalling less than USD 1 million per year (OECD, 2019^[18]).

Annex D. Organisational charts

Figure D.1. Austrian Federal Ministry for Europe, Integration and Foreign Affairs

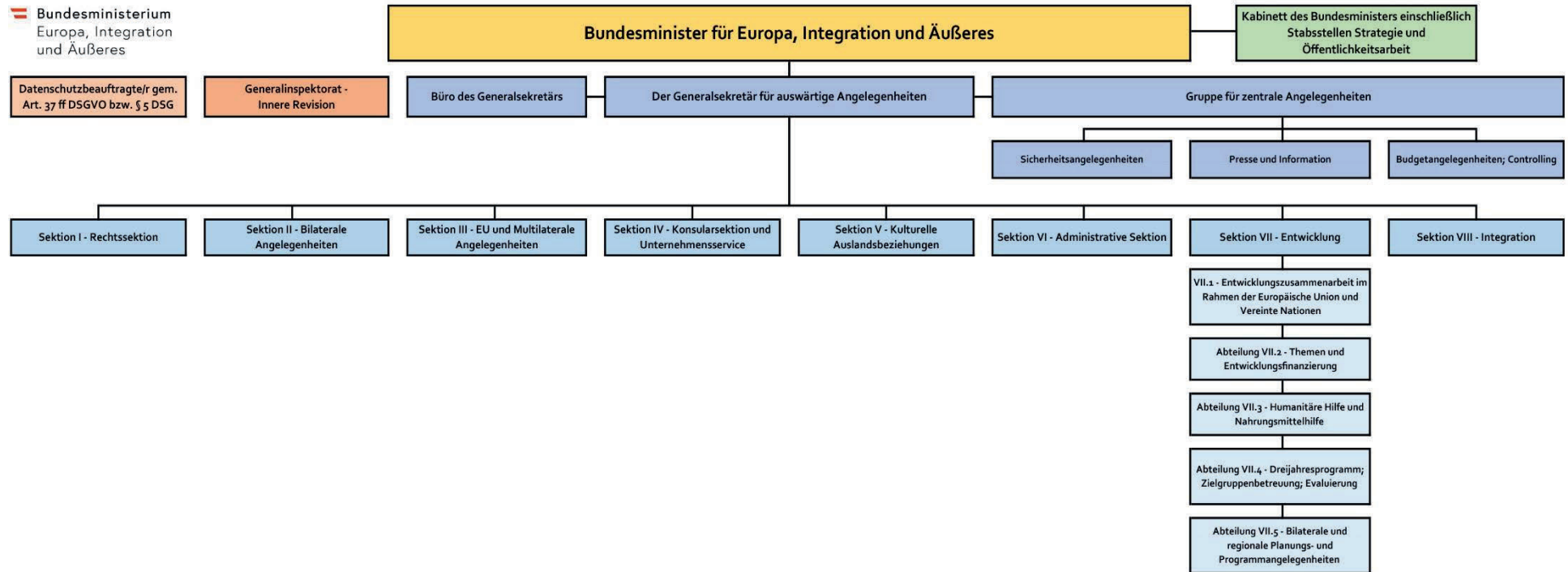


Figure D.2. Austrian Federal Ministry of Foreign Affairs – Directorate-General for Development

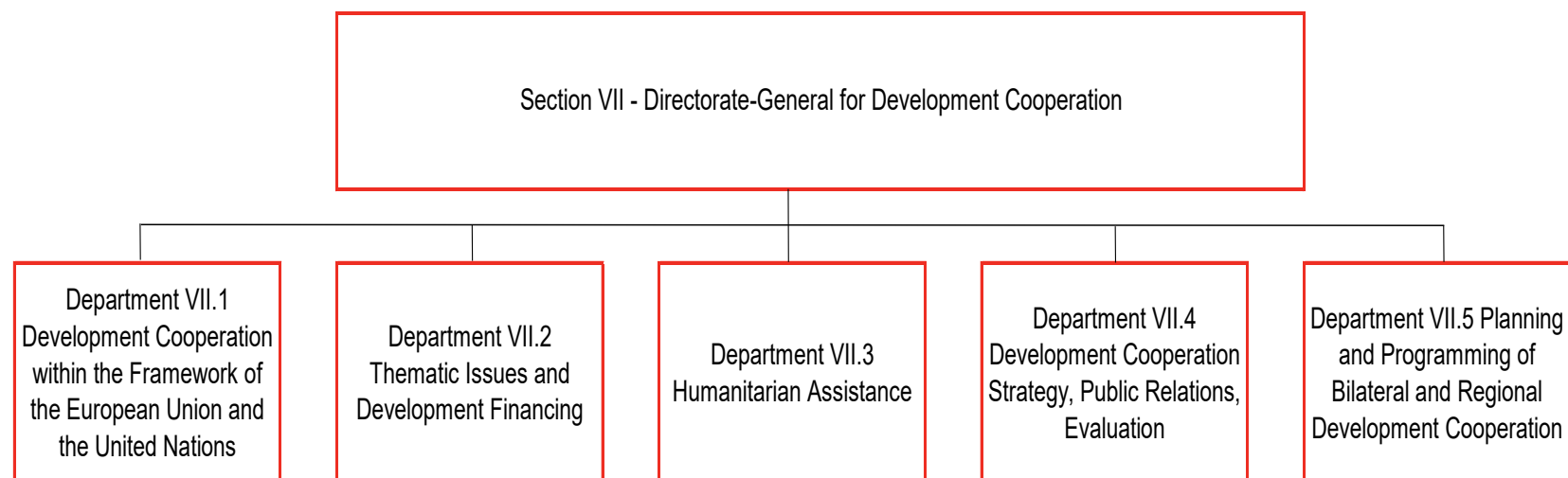


Figure D.3. Austrian Development Agency

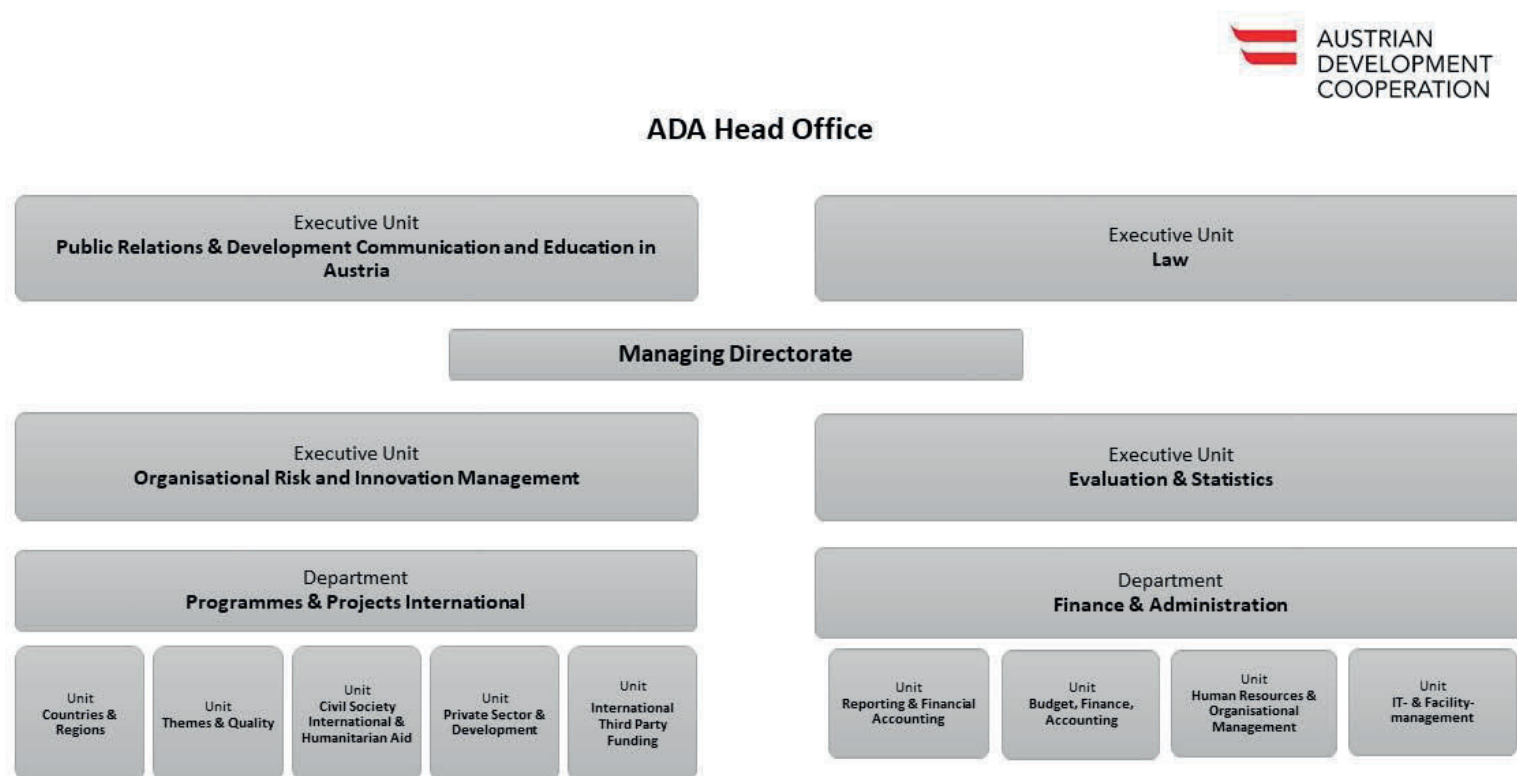


Figure D.4. Austrian Federal Ministry of Finance

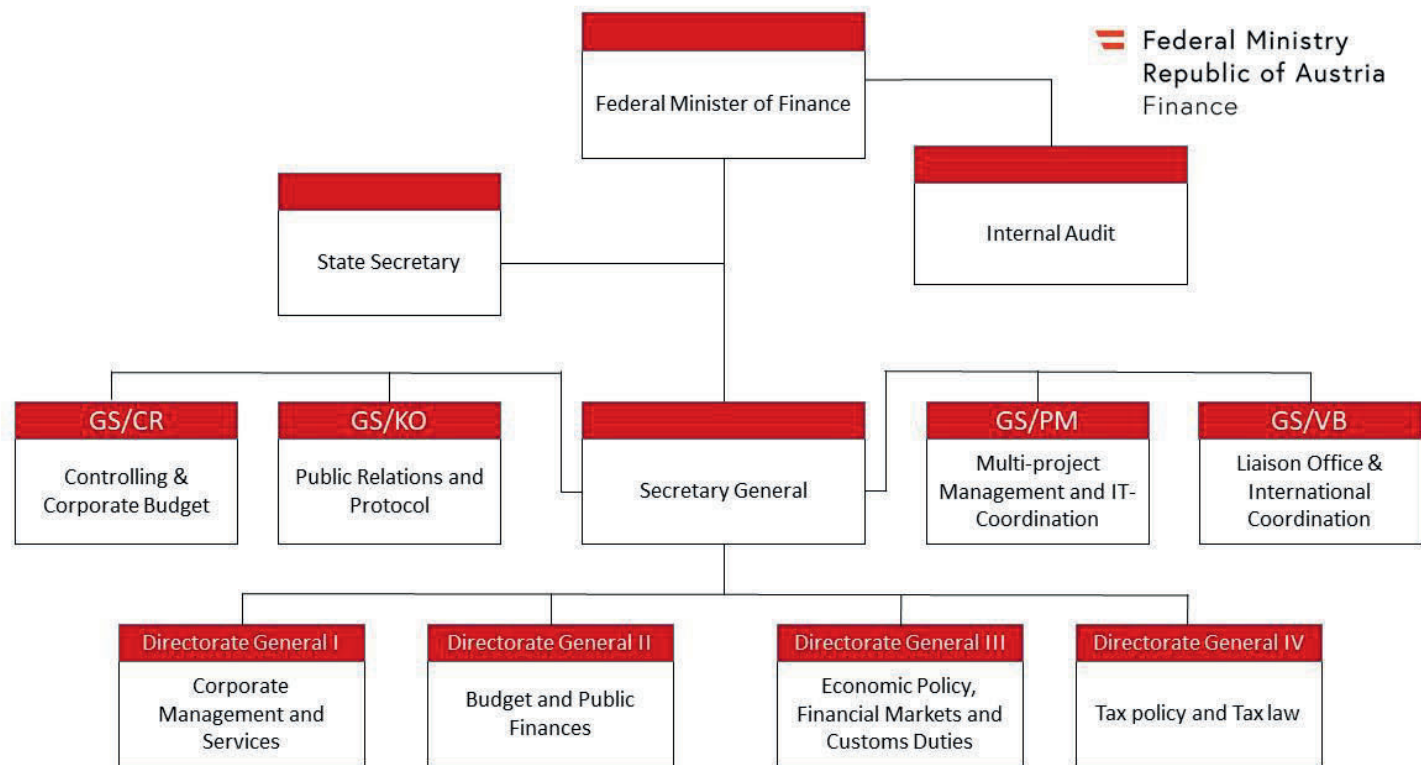


Figure D.5. Austrian Federal Ministry of Finance – Directorate-General III

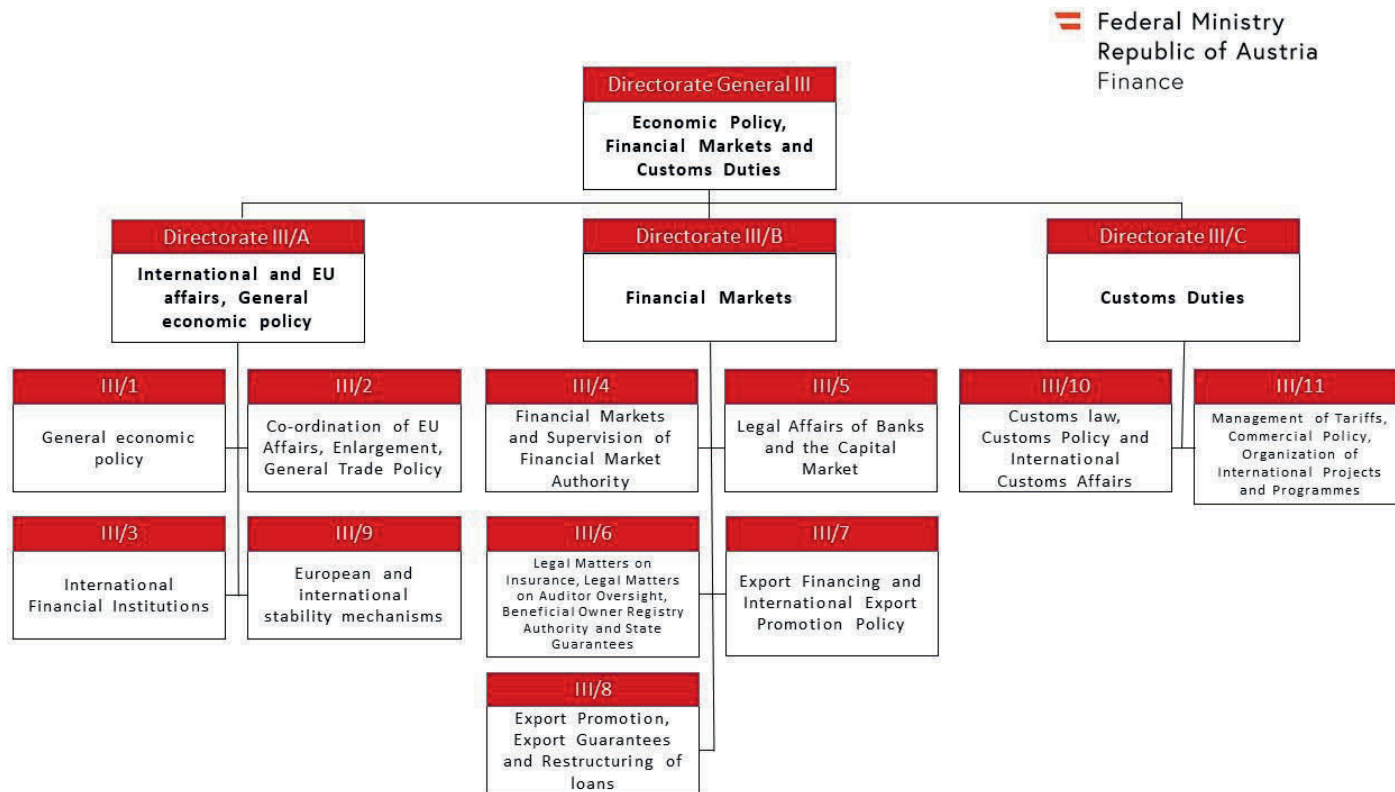
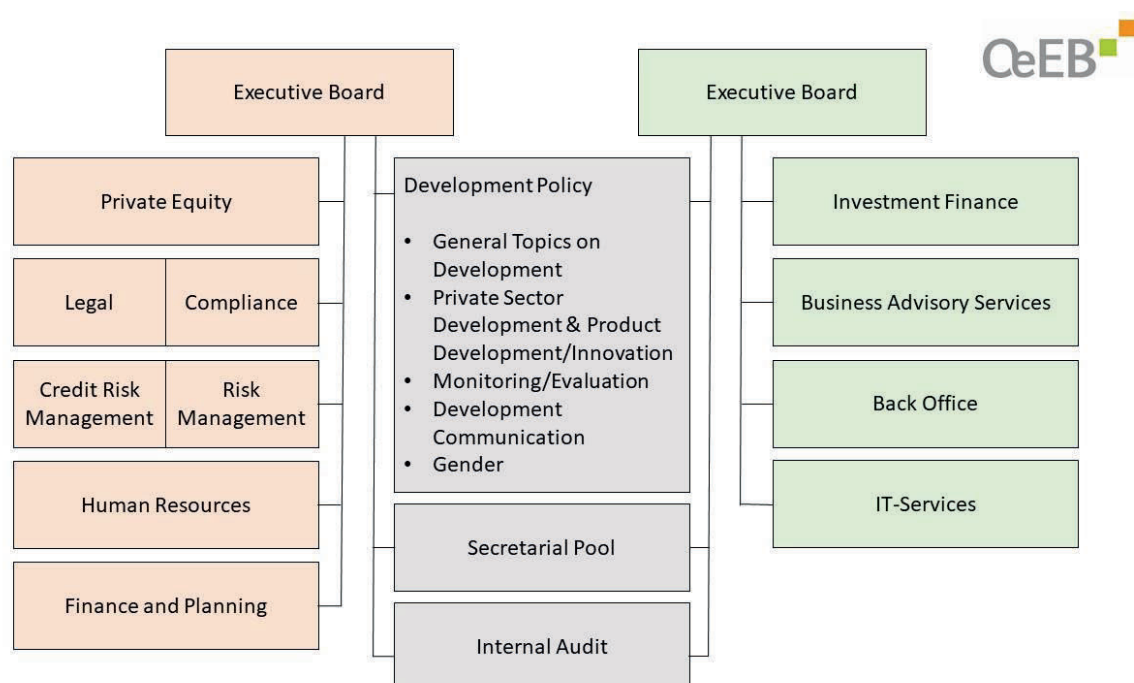


Figure D.6. Development Bank of Austria



Austria 2020

The OECD's Development Assistance Committee (DAC) conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each DAC member are critically examined once every five to six years. DAC peer reviews assess the performance of a given member, not just that of its development co-operation agency, and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation activities of the member under review and its approach to fragility, crisis and humanitarian assistance.

Austria prioritises its multilateral engagement, advocates actively on global challenges such as security and environmental sustainability, and demonstrates regional leadership. The Austrian Development Agency is delivering quality development assistance to Austria's priority partner countries but is responsible for only a small share of Austria's total official development assistance (ODA) effort. In the absence of a single, overarching policy vision, Austria's ODA remains fragmented. This review looks at the opportunities for Austria to achieve a more co-ordinated and coherent whole-of-government approach. It also emphasises the need for Austria to develop a plan to increase its aid budget in line with its commitment to allocate 0.7% of its gross national income to ODA.

Consult this publication on line at <https://doi.org/10.1787/03b626d5-en>.

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