



BULLETIN

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Internal Cooperation for Development Assistance in Poland

by Patryk Kugiel

At 897 million zloty (0.08% of GDP) Poland's 2008 foreign aid was more than 100million down from 2007, according to the Ministry of Foreign Affairs' annual report, published on 19 September, which brings a summing-up of Poland's development assistance. This calls into question the country's capacity to fulfill commitments undertaken as an EU member (0.17% GDP in 2010), just as it raises concerns in the context of Poland's presidency of the European Union Council in 2011. This being the case, there is an urgent need for reforming the Polish system of internal cooperation for development and for identifying a cohesive long-term policy in this area.

Determinants. Development assistance has been playing an increasingly important role in developed countries' foreign policies. In 2008, global Official Development Assistance (ODA) reached an all time high of nearly \$120bn. As aid funds increase, measures have also been taken to improve the efficiency and effectiveness of their use. In 2005 representatives of more than 100 states (including Poland) and organizations signed the Paris Declaration on Aid Effectiveness, which laid down, among other things, five principles of the effectiveness of development aid: ownership—the developing countries to have their own concepts of development; alignment—aid to be in line with their development strategies; harmonization—the provision of aid to be better coordinated and harmonized; managing for results—more focus to be put on ultimate effects of aid; and mutual accountability—the aid donors and recipients to be accountable for achieved results. Similar goals were re-affirmed in the European Union's first development strategy, the European Consensus on Development (2005). At the same time, the EU as the world's biggest provider of development aid (60% of ODA in 2008) has insisted that the provision of aid should be targeted primarily at combating poverty and at attaining the Millennium Development Goals committing its members to increase spending on development cooperation, with 50% of the additional funds directed to African countries (starting from 2005).

In 2005 Poland and the remaining new EU members made a political commitment to allocate to development aid 0.17% of their GDPs as of 2010 and 0.33% in 2015 (i.e. less by one-half than the older EU countries' respective commitment). This meant that the volume of aid should have increased to about PLN1.4bn in 2008, rising to PLN2.3bn in 2010. Guidelines and principles of Poland's development aid are outlined in a 2003 strategy for Poland's development cooperation, with the role of the chief agency responsible for the implementation of this policy played by the Ministry of Foreign Affairs (MSZ)—specifically, its Department of Development Cooperation established in 2005. It should be noted that the Polish society has firmly endorsed aid to poorer countries (84% in 2004), with a majority of Poles believing that aid should be going mainly to African countries (52%) and to Poland's eastern neighbors (27%).

Poland's Foreign Aid in 2008. In 2008 Poland spent PLN897m in official development aid, i.e. 0.08% of its GDP (against the Czech Republic's 0.11% GDP, Slovakia's 0.1% and Hungary's 0.07%). That was the first year since 2002 to have seen the value of Polish aid drop, year-to-year—a decline attributable to the reduction of bilateral aid (from PLN431m to PLN202m), mainly in connection with reduced financial aid (no debt reduction). As a result, multilateral aid accounted for the bulk of ODA (77%), nearly all of it provided in the form of contributions to the EU budget (PLN660m). Significantly, the EU countries' average bilateral-to-multilateral-aid ratio is the reverse (about 65% to 35%). Bila-

teral aid resources were used to finance MSZ-coordinated aid initiatives and schemes managed by other ministries, such as scholarships and internships for foreigners, aid to refugees, and preferential-term loan disbursements. While the greater part of bilateral aid went to eight priority countries: Afghanistan, Angola, Belarus, Georgia, Moldova, Tanzania, Ukraine and the Palestinian Authority, it was China that was the largest single recipient (under a PLN46m loan tranche). At less than PLN30m, aid to Africa accounted for 15% of Poland's bilateral aid. Poland's aid program for 2009 provided for the continuation of the previously adopted directions (except for Tanzania) and for an increase in MSZ-managed aid funds from PLN110m to PLN130m, in particular for Afghanistan (from PLN8m to PLN40m).

Conclusions. The progress in the organization of the Polish aid system notwithstanding, an overall assessment of the system is negative. Poland has fallen short of its international commitments on the size and quality of the aid provided. According to Grupa Zagranica, an association of Polish non-governmental organizations which monitors activities in this field, principles applicable to supplying aid, including those laid down in the European Consensus on Development, have insufficiently heeded in the Polish aid provision practice. The Foreign Ministry's limited financial and human resources and the absence of a comprehensive long-term vision of development policy were behind Poland's failure to make use of development aid's considerable potential as a soft foreign policy tool. As for the reductions in Poland's foreign aid program, this is likely to do Poland more damage than good in the longer run.

The approach to aid issues and proper preparations in this area loom large in the perspective of Poland's presidency of the EU Council. It will be Poland's duty to prepare and lead the work of numerous EU bodies and groups involved in development issues (e.g. the Working Party on Cooperation for Development, the ACP Working Party), to represent the EU in contacts with the developing countries, and to present the EU's common position on development in the UN and in the OECD. At the same time, the extent to which Poland discharges its commitments on the size and quality of development aid could reflect importantly on the credibility of this country and, in consequence, on its capacity to further its own proposals. This awareness should spur the reform of the Polish foreign aid system.

Necessary changes should include the strengthening of the triple pillars of human, financial and organizational resources. To ensure efficient and effective implementation of an increasingly multi-faceted aid program, both the MSZ and the diplomatic missions in the priority countries need additional permanent staff. Then, the re-organization involved in the merger of the MSZ and the Office of the Committee for European Integration will be a good opportunity for building a stronger development cooperation team. An argument in favor of establishing a separate development agency to manage the entire foreign aid appears reasonable. Moreover, Poland should make efforts to meet its commitments on due financing of development aid and it should chart a feasible plan for arriving at the 0.33% GDP target in 2015. Any further cuts in the development aid budget must be seen as unreasonable in this context. Instead, efforts should be made to identify such forms of aid disbursal as will be the easiest to accept by the Polish taxpayer (e.g. technical assistance). Also, a cohesive long-term strategy for Poland's development aid must urgently be developed. Priority should be accorded to safeguarding that a long-awaited law on development aid is passed still in 2010, to enable the implementation of multi-year programs and projects. The legislative regulations currently in effect, which make it necessary to plan spending on a one-year-cycle basis, are a major constraint on the Polish aid system. At the same time work should be launched on the development of the priority countries' medium-term national strategies. There should be a dedicated unit at the MSZ to handle preparations for the Polish presidency of the EU in the development aid context. It is also necessary to identify areas of Poland's specialization in development, i.e. to identify sectors in which Poland has a comparative advantage over the other donors.

It is worth emphasizing that there is much scope for modifying the Polish aid system without particularly large financial outlays, by relying instead on the activation of an unused potential. This could include, for instance, the setting up of a Development Commission of the Polish Parliament, the country's participation in initiatives to improve the transparency of aid, better inter-ministry coordination, or broader use of the experience and capabilities of Polish non-governmental organizations involved in the implementation of development projects.