

NEW PLAYERS IN EU DEVELOPMENT POLICY: THE EXAMPLE OF POLAND

1. Polish development assistance for LDC's before 1990

During the period of 1945-1990 Poland was a part of the Soviet political system. Polish internal and foreign policy were designed in Moscow. That applied also to Polish technical, investment and financial aid to economically less developed countries (LSD). The beneficiaries were carefully selected on the basis of political (the sphere of interests of the Soviet Union), and economic (countries with a centrally planned economy) criteria, as well the type of assistance offered.

At the end of the 1980s and during the 1990s Poland, as other countries of the region, has undertaken fundamental, although peaceful, political and economic revolution. That meant, in short, replacement of “real socialism” and dependence on the Soviet Union by: political independence, democracy, and market oriented/capitalist economic system. Along with broad transformation of all spheres of life, revision of relations with other countries was necessary. Becoming an independent nation, Poland had to design completely new foreign policy, including development cooperation.

The changes from 1990 to 2000 were focused on the internal transformation of economy, legal system and state institutions, as well as joining free democratic alliances (OECD – 1996, NATO – 1999, EU – 2004). Poland's political and economic upheavals led it to withdraw in a systematic manner from its aid giving activities. The country's political, scientific, and media milieus increasingly concentrated on the issues connected with Poland's political and economic transformations, the process of pre-accession adaptation to EU standards and the assistance that Poland could obtain – as a country undergoing transformations – from various international institutions.

Issues related with providing development assistance returned to the surface again on the Polish scene in the second half of the 1990s. Since that time Poland has played a twofold role, that of a beneficiary and of a donor country. This duality is characteristic of all new EU Member Countries from East-Central Europe and provides a significant advantage in terms of the formulation of new assistance programmes. Familiarity with the situation of former beneficiary can help increase the effectiveness of assistance measures directed at countries that are going through the initial stages of economic transformation, such as Ukraine, Moldova, Georgia, etc..

However, three points should be explained before the problems of Polish official aid is presented:

- First – as a result of destructive heritage of 50 years of communism, Poland still belongs to the group of less developed members of EU¹. Moreover, with the 2.8 million of unemployed (18% of the labour force) and large portion of the population living under the social minimum (20%²), the nation has to focus on development of Polish economy.
- Second – in spite of the above, Poland for years has been involved in special form of very effective development assistance for LCD'. This is worth of around 2 000 missionaries in Latin America, Asia and Africa. Along with their religious work, they build and run schools, medical centres, hospitals, roads, bridges water supply systems etc. The economic value of their contribution do local development, entirely escapes from development assistance reports.
- Third – in spite of the difficulties of Poland, and limited funds available for the development assistance, there is growing interest in NGO's and some policy makers in increasing Polish official and nonofficial contribution in this respect.

2. The establishment of an institutional development assistance system in Poland

As it is well known, the countries that have joined the European Union on 4 May 2004 have been preparing to assume obligations arising from EU membership, including the provision of development assistance to economically less developed countries. In acknowledging and accepting international documents of which the European Union is a party, such as the Cotonou Agreement,³ the Monterrey Agreement,⁴ or the Millennium Declaration with the Millennium Development Goals⁵, they automatically adopted the obligation to establish institutional systems of official development assistance (ODA) and to enlarge their scope of their heretofore bilateral and multilateral cooperation.

¹ 2005 GNI *per capita* (in USD): Poland – 6 090, Czech Republic – 9 150, Latvia – 5 460, Hungary – 8 270, Slovak Republic – 6 480, Germany – 30 120, France – 30 090, Spain – 21 210, United Kingdom – 33 940. World Development Report 2006. Equity and Development, The World Bank and Oxford University Press, Washington 2006, p. 292-293.

² Sytuacja gospodarstw domowych w 2004 r. w świetle wyników badań budżetów gospodarstw domowych, Główny Urząd Statystyczny, Warszawa 2006.

³ Partnership Agreement Between The Members of The Group of African, Caribbean and Pacific States and The European Community and Its Member States [Signed at Cotonou, June 2000].

⁴ Report of the International Conference on Financing Development, Monterrey, Mexico 18-22 March 2002. United Nations, New York 2002.

⁵ United Nations Millennium Declaration, General Assembly resolution 55/2 of 8 September 2000.

Immediately prior accession, only half of the new member to be countries had designed detailed development assistance policies, aims, and priorities. Although Poland is today the largest donor among the new EU-10 members, with 35.5 million USD (see – Figure 1), it was one of the countries without a defined assistance system. The above sum, even if the highest among new member states, is incomparable lower than in EU-15 countries. All of the new member countries fail to meet even the minimal requirements set at Monterrey, and the share of assistance funds in their budgets oscillates between 1/6 and 1/16 of the accepted level of 0.33 of GDP per annum⁶.

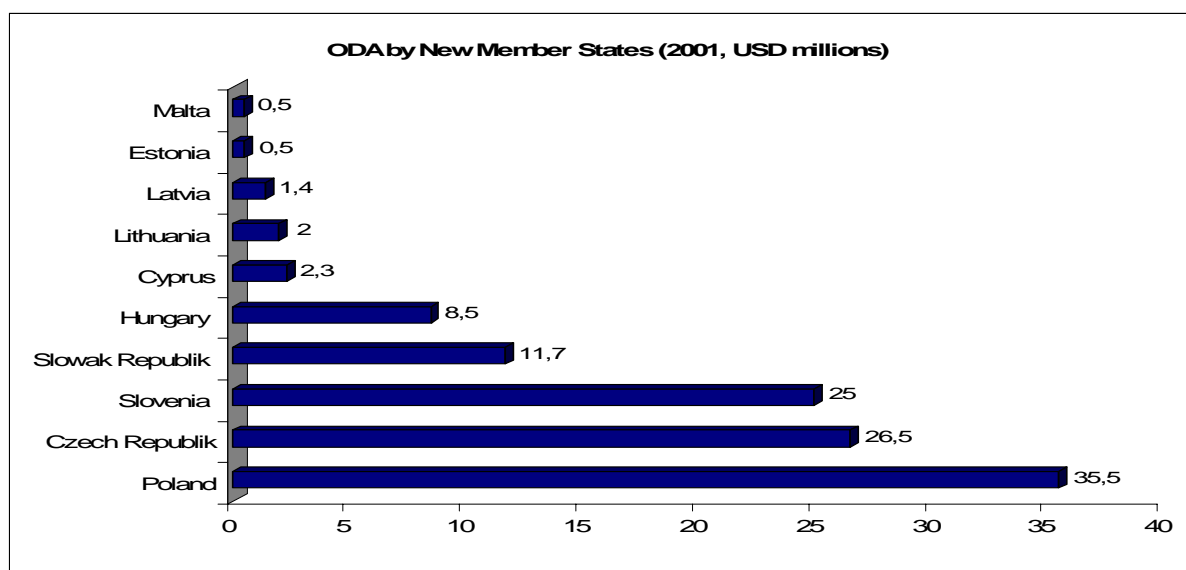


Figure 1.

Source: The Consequences Of Enlargement For Development Policy, Development Strategies – IDC, August 2003, p. 9.

Before EU accession, there were no institutional structures in Poland charged with carrying out ODA related tasks. The implementation of the first Ministry of Foreign Affairs assistance projects were begun in 1998. They lied within the competence of the United Nations System Department in which, until 2001, the entirety of issues connected with development assistance was overseen by two specialists. Later on, that group was enlarged by three new persons, while from a formal point of view, it was separated from the Department only at the beginning of 2005. In September of the same year, a distinct Development Cooperation Department was established within the Ministry of Foreign Affairs. At present it is made up of over a dozen persons, who are responsible for the conceptual and supervisory aspects of Polish development assistance.

The process of building institutional structures for the assistance system in Poland is advancing rather slowly. As in most other EU member countries, this system rests upon the

⁶ The Consequences Of Enlargement For Development Policy, Development Strategies – IDC, August 2003, p. 9.

Ministry of Foreign Affairs, which took on the role of coordinator for Polish assistance. Unfortunately, the assistance coordination process does not function efficiently – it is usually limited to the partial screening of projects, which are carried out by NGO's or by various ministries. This leads to considerable fragmentation of bilateral aid, that is characteristic not only of Poland. In 2001, the Czech Republic was carrying out 79 projects in 49 countries, under the supervision of 12 different institutions (ministries and agencies). At the same time, Latvia implemented a small assistance programme divided into 40 different projects⁷.

In the years 2001-2002, the Ministry of Foreign Affairs administered assistance funds without a concise programme or even clear guidelines. The first document – a development policy concept – was proposed to the Polish government in 2000. It was questioned, however, by the Ministry of Finance, which objected to both the transfer of assistance funds from the state budget, and the establishment of an assistance agency. This state of affairs only changed in 2003 when, with some pressure from the EU, the Strategy of Poland's Development Cooperation was adopted⁸.

Its principal aim is to support the achievement of sustained development, including the reduction of poverty, in beneficiary countries. The strategy's precise aims were defined as:

- Supporting lasting economic development,
- Shaping and consolidating respect for human rights, democracy, the rule of law, and good governance,
- Promoting global security and stability,
- Supporting the development of public administration and local structures,
- Development of human potential,
- Protecting the natural environment and preventing ecological problems,
- Providing extraordinary humanitarian aid.

In keeping with the strategy's basic assumptions, these aims are to be achieved through initiatives in health care, education and science, the reinforcement of local structures and democratic institutions, the improvement of the state of public administration, the development of trans-border cooperation, the assurance of access to potable water, and the protection of the natural environment.

Taking under account Poland's limited financial and organisational possibilities, the Strategy adopts the principle of supporting a selected group of countries, referred to as priority states. In 2004, these included Afghanistan, Angola, Georgia, Iraq, Moldova,

⁷ The Consequences of ... op. cit., p. 27.

⁸ Strategy of Poland's Development Cooperation, Ministry of Foreign Affairs, Warsaw, 23 October 2003.

Vietnam, the Palestinian Autonomy (since 2005), and a group of African countries – Senegal, Sierra Leone, Mali, the Democratic Republic of Congo, Kenya, Rwanda, Burundi, Zambia, and Malawi (called ‘Little African Grants’).

The overall funds earmarked by Poland for development assistance originate from two sources: the state budget and from private donations. Assistance transfers flow through three channels: the government and its agencies (bilateral and multilateral assistance); non government organisations; and denominational organisations – mainly missions (see – Figure 2). As in other new EU member countries, funds for official development assistance are transferred directly from the Ministry of Finance to the appropriate ministries, which then report on the carrying out of entrusted tasks to the Minister of Foreign Affairs.

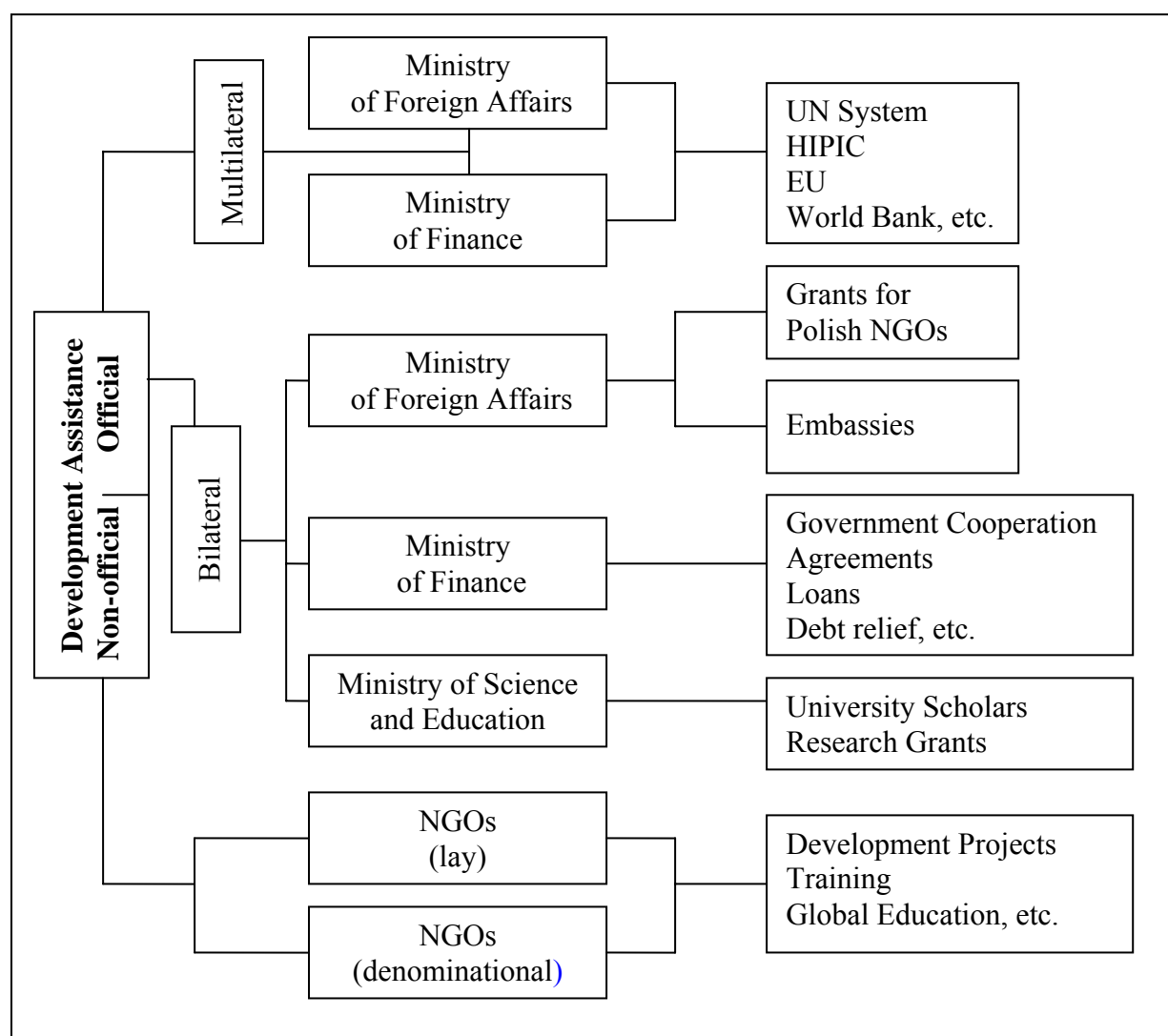


Figure 2. Flow channels of assistance funds in Poland.

Source: Prepared by the author.

Poland's development assistance is delivered through three main channels, each being managed by a different government institution⁹:

- Development assistance (including technical assistance) in the form of projects as well as humanitarian and multilateral aid provided through the organisations, funds and programmes of the UN system. Responsible: Ministry of Foreign Affairs,
- Financial aid in the form of preferential credits, foreign debt relief and co-funding of the operations of international financial institutions. Responsible: Ministry of Finance,
- Educational aid through scholarships for students from poorer countries studying in Poland. Responsible: Ministry of National Education and Sport.

In 2004, the Ministry of Foreign Affairs, for the first time organised a competition for non governments organisations for the financing of assistance projects. Of 60 submitted projects, 17 were approved, for a total sum of about 400,000 EUR (see – Table 1). This decision basically signified the adoption of a new systemic solution, which proved decisive for the adoption of a bilateral development assistance formula. In reality, the implementation of the ODA assumptions presently lies exclusively within the competence of the 3rd sector. From the moment of acceptance of the project, controls are limited to the following of administrative procedures, not to of results achieved. Embassies could monitor, at the national level, the effects of the various assistance projects, but this would require an increase of outlays for their functioning and the creation of special jobs, either of which is not very probable at the moment. In 2004, embassies were included in the realisation of assistance projects only in the case of countries where non government organisations proved unable to participate on account of distance and costs (Angola and Vietnam).

In effect, knowledge about the stapes taken in beneficiary countries is based on project reports prepared by implementation institutions immediately following the project's termination. Even when prepared in keeping with a set scheme, these reports usually concentrate on formal and administrative aspects of measures undertaken, and not on the social and economic effects achieved. Such an approach not only makes it impossible to evaluate the project's long term effects for social and economic development and for the reduction of poverty (the most important of the expected effects), but also the assessment of their compatibility with the Paris Declaration.¹⁰

⁹ Poland's Development Cooperation. 2004 Annual Report, Ministry of Foreign Affairs, Warsaw 2005, p. 11.

¹⁰ The Paris Declaration, endorsed on 2 March 2005, lays down a practical, action-orientated roadmap to improve the quality of aid and its impact on development. The 56 partnership commitments are organised around the five key principles: ownership, alignment, harmonisation, managing for results, and mutual accountability.

Table 1. Poland's bilateral development assistance in 2004.

Country	Project Title	Implementing organisation
Afghanistan	Training of agricultural specialists in reconstruction of Afghanistan's agricultural sector. Vocational Training Premises at the Agricultural Vocational School in Kabul	Polish Humanitarian Organisation
	Medical Emergency Service in the district of Mazar-e Sharif	Polish Medical Mission
Georgia	Outpatient mobile treatment service; Prevention and treatment of tuberculosis	Polish Medical Mission
	Effective communication – effective local government. Support for the development of local self-government	Partners Poland Foundation
	Development of self-government as a means of decentralisation – study and advisory visit to Georgia	Association of Partners for Self-Government
	Economic invigoration project	Local Economic Development Association
	Polish and European educational reform experience: teaching in minority languages	The Democratic Society East Foundation
Iraq	Improvement of water and sanitary conditions in the rural areas of Babil province	Polish Humanitarian Organisation
	Equipment for a hospital in Al.-Hahimiyah, Babil province	Polish Medical Mission
Moldova	European Network: setting up a team of consultants on the European Union issues in Moldova	Education for Democracy Foundation
	Leaders of Enterprise in Moldova	Educational Society for Malopolska/
	Co-operation of Polish and Moldovan NGOs in the area of advanced IT	Foundation for International Co-operation Libertos
	Polish experience in the process of European integration: lessons for Moldova	CASE – Centre for Social and Economic Research
Angola	Medical research and training activities at the St. Luke Health Centre in Kifandongo	Society of the Divine Word.
	Training and qualification enhancement courses for consulting personnel dealing with the victims of violence against women	Organisation of Angolan Women
	Integrated education to blind and visually impaired children and adults, as well as children without sight problems	Oscar Ribas School in Luanda
Vietnam	Hospital equipment	Vietnamese Red Cross and Embassy of Poland

Source: Ministry of Foreign Affairs data.

The lack of a long term development assistance concept and of its coordination results in the reduction of the interest of certain key participants and to the waste of resources. The process of identification of needs and formulation of policy assumption is also imperfect. These lacunae are in large measure the result of a lack of programmatic approach to the realisation of development assistance. The modification of this state of affairs will be extremely difficult – if at all possible – within the context of existing institutional ODA structures in Poland.

This situation is, unfortunately, typical of many new EU member countries. A much larger emphasis is placed on the realisation of single projects than on the drawing up of a concise programme of action for various institutions taking under account international trends. ODA is often seen as a series of separate measures carried out by small groups of people who, for unknown reasons, prefer to look after problems in Africa instead of those of their own country. Such an attitude is quite common in Poland, even amongst the political and scientific elites. This is reflected in the reduction, in the Budget Law for 2006, of the planned amount earmarked for bilateral development assistance from 80 to 30 million PLN.

In the search for the causes of this state of affairs, several key elements should be pointed out (see – Figure 3). The lack of support for the granting of official development assistance undeniably arises from the dominant ‘Euro-Atlantic’ outlook in foreign policy in the general state of the Polish economy and the state budget. The effects of the Polish transformations are still felt – particularly unemployment and the resulting impoverishment of certain social groups of Poles. The conviction is gaining ground among a large portion of society and the political elites that Poland is a poor country that should receive development assistance instead of granting it¹¹. This situation is also the consequence of an almost total absence of a global education in Polish schools, at all levels.

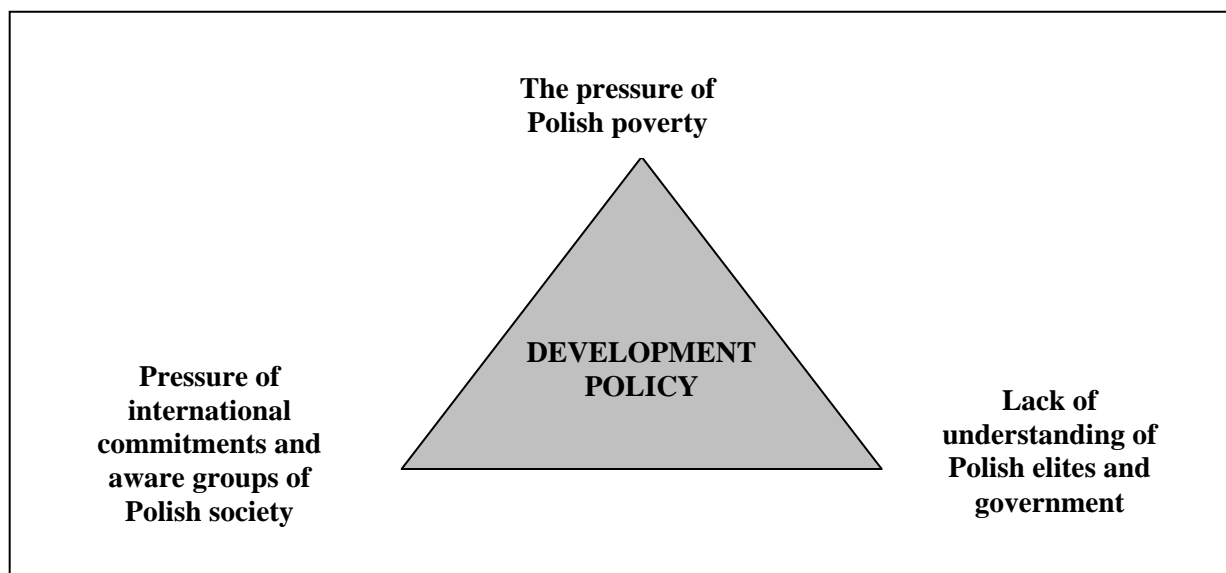


Figure 3. Polish ODA. The triangle of pressure.

Source: Prepared by the author with Professor J.J. Milewski.

¹¹ The first step to overcoming this lack of understanding and consciousness was taken by United Nations Development Programmes in Poland and Canadian International Development Agency. A promotional campaign, called “Poland is Paradise! For the 1.2 billion poorest people in the world”, has contributed to the beginning of a public debate on the role of Poland facing the challenges in the realisation of the Millennium Development Goals.

3. The financial bases of ODA

As was mentioned in above, all new EU member countries earmark less for development assistance than required by international obligations. Keeping with EU predictions, there will be a need for 7.1 billion EUR in 2006 in order to reach the assumed ODA/GDP share at 0.39% (see – Table 2). The sum of 1.3 billion is the maximum obligation for new member countries, and will most certainly not be met. But even if it were met, the bulk of the development assistance, in the amount of 5.8 billion EUR, would be borne by the EU-15 countries. If all ‘old’ members countries, whose assistance level is now lower than the assumed 0.33% of GDP, reached this level, and the countries with a figure of over 0.39% maintained the present levels of assistance, there would still be a shortcoming of about 0.7 billion EUR. The elimination of this gap, which arose as a result of EU enlargement which included countries that do not meet the Monterrey criteria, will only be possible when the average assistance level reaches 0.35% of the EU GDP¹².

Table 2. The Gap to Monterrey Targets in an Enlarged Union 2004-2006 (EUR millions).

Net ODA	2001	2003	2004	2005	2006
EC Budget	4,214	4,258	4,275	4,292	4,310
European Development Fund	1,274	2,500	2,700	2,900	3,000
Total EC Net ODA	5,516	6,758	6,975	7,192	7,310
EU-15 (net of EC ODA)	23,839	24,788	25,284	25,789	26,305
EU-10 (net of EC ODA)	127	159	181	209	249
Total EU-25 ODA	29,482	31,705	32,440	32,191	33,863
Monterrey Target	37,154	38,073	39,014	39,978	40,966
EU-15 ODA/GNI (%)	0.32	0.34	0.33	0.33	0.33
EU-25 ODA/GNI (%)	0.31	0.32	0.32	0.32	0.32
Monterrey Target (%)	0.39	0.39	0.39	0.39	0.39
Gap	7,672	6,369	6,574	6,787	7,102

Source: Consequences of Enlargement for Development Policy, Development Strategies – IDC, August 2003, p. 60.

In 2004, Poland adopted the plan to achieve Monterrey criteria for new EU member states, entailing a systematic growth of ODA to 0.17% of GDP by 2010 (see – Figure 4). At the beginning of 2006, it is already clear that the planned level of 0.06% for this year will not be met as a result of an amendment to the Budget Law. As it was mentioned above, this amendment reduced the already modest bilateral assistance amount by over 60%. Such steps

¹² Consequences of ..., op. cit., p. 56.

will have an effect on the overall EU assistance performance, while the predicted shortcoming might prove larger than initially expected.

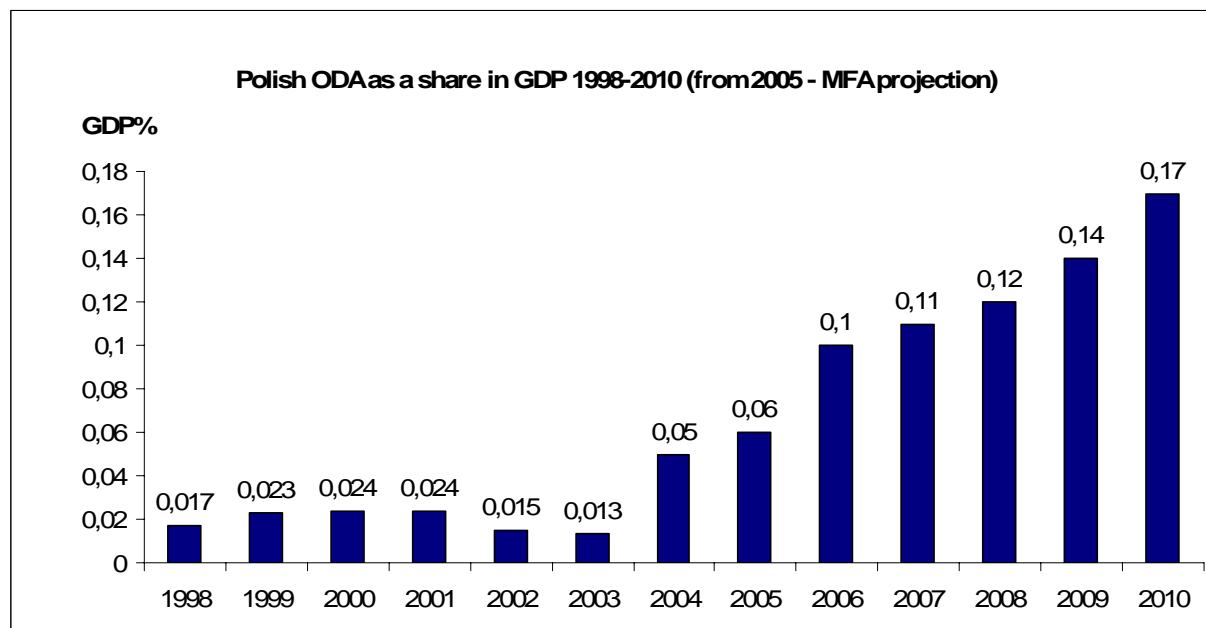


Figure 4.

Source: Ministry of Foreign Affairs data.

In practice, this means that bilateral assistance in 2006 will be at the level of about 10 million USD, that is, one of the lowest levels in the past 8 years. This will also result in the further worsening of the bilateral assistance as a share of total ODA indicator which, at present, amounts to only about 30% (see – Table 3). This unfavourable trend in terms of Polish economic and political interests has been reinforced by the obligation to participate in the overall EU multilateral assistance budget. In effect, in 2004 the Polish ODA amount increased almost fourfold in comparison the previous year – to 117.5 million USD, of which the share in the EU development assistance amount came to 76.5 million USD.

The high level of multilateral assistance as a share of assistance flows is understandable in the initial phase of assistance granting, when experience is limited and when the placing of such competencies in the hands of more competent institutions is justified. However, along with growing experience and the consolidation of the position of assistance provider, this situation should be reversed. In the case of Poland, it is difficult to talk of either.

The other important issue is the new member states attitude towards poverty reduction. This priority is sometimes included in policy documents but even in these cases, not very effectively implemented in practice. Poland considered Asian and African countries merely as

recipients of humanitarian aid, with a few exceptions, mainly relating to countries that had strong links with the former Eastern bloc. (e.g. Vietnam)¹³. In the period 1998-2003 less than 1% of Polish bilateral ODA was directed to Africa, but hopefully 2004 was the first year of rise in financial involvement in this area (9,92 millions USA). In contrast, 35-45% of total Polish official assistance was directed to Eastern Europe and most of it was allocated to middle income countries near abroad.

Table 3. Polish ODA 1998-2004 (in USD million – current prices).

Official Assistance	1998	1999	2000	2001	2002	2003	2004
I ODA*							
Bilateral:							
Europe	3,59	6,75	3,35	1,34	0,87	11,97	9,07
Africa	1,71	1,05	0,90	0,67	0,64	0,66	9,92
Southern America	0,30	0,25	3,42	0,29	0,13	0,23	0,12
Asia	8,08	6,56	5,13	28,40	7,35	6,09	5,79
Total Bilateral	13,68	14,64	12,80	30,70	8,99	18,95	24,90
Multilateral:							
UN System	2,72	3,21	3,10	2,68	2,47	3,26	7,88
World Bank	1,59	1,36	1,64	2,00	1,32	4,97	5,43
Other Agencies	0,68	1,10	11,01	0,16	1,59	2,96	2,80
European Union	0,00	0,00	0,00	0,00	0,00	0,00	76,52
Total Multilateral	5,06	5,67	15,75	4,84	5,38	11,19	92,63
Total ODA	18,74	20,31	28,55	35,54	14,37	30,14	117,5
Multilateral ODA/ODA (%)	27,0	27,9	55,2	13,6	37,4	37,1	78,8
II OA**	10,16	16,76	10,92	8,22	15,17	22,41	20,05
Total OA and ODA	28,90	37,07	39,47	43,76	29,54	52,55	137,6

* **ODA** – grants and loans transferred by official government institutions of donor states or international organisations to developing countries, designed to promote the economic development and welfare of those countries. Loans are considered Official Development Assistance only when they have a grant component of at least 25%. ODA,

** **OA** – flows which meet the criteria of ODA and are directed to countries in transition, such as the countries of Central and Eastern Europe, certain countries established after the disintegration of the Soviet Union.

Source: Poland's Development Cooperation. 2004 Annual Report, Ministry of Foreign Affairs, Warsaw 2005, p. 32.

4. Concluding remarks

The evolution of Poland's position in the international system of development assistance will require, in the next few years, primarily an increase of outlays for bilateral

¹³ Consequences of ..., op. cit., p. 20.

assistance. However, issues concerning the formulation of long term policy aims and the increase of social consciousness about the benefits connected with providing assistance and the costs of failing to do so are just as significant as financial resources. This will entail:

- Greater commitment on the part of Polish authorities to development assistance cooperation and, consequently, the preparation of a long term development assistance policy integrating government and non government initiatives around common goals,
- Drawing up of a model of development cooperation that would, to a greater degree, be based on the use of available non-financial – material and human – resources (expertise and know-how),
- Making assistance project administration systems more efficient and effective,
- Training of specialised cadres that would be responsible for the above tasks at the level of ministries, assistance agencies, and non governmental organisations,
- Increasing social awareness of global development problems by, among other measures, including it as a subject in the school curriculum.

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Abstract

The aim of the paper is to analyze the issues concerning the implementation by Poland of the principles and mechanisms of Official Development Aid.

The principle thesis of this paper is that Poland still face enormous challenges in adopting the principles resulting from emerging consensus over aid effectiveness and that these challenges may have negative impact on the EU role as a leader in the world campaign towards poverty eradication and reaching the Millennium Development Goals.

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