

Report on the Hungarian International Development Cooperation

Activities in 2007

Summary:

International development cooperation (IDC) remains an integral part of Hungary's foreign relations in 2007. Hungary is committed to the United Nation's Millennium Development Goals (MDGs) adopted in 2000 and strives to form and implement its international development policy in conformity with the EU and OECD principles and practices. In accordance with the 2005 EU Council Conclusion, Hungary – as one of the new member states (NMS) – undertook to increase its official development assistance (ODA) to 0.17% of GNI by 2010. We seek the opportunity of common action against global challenges and the cooperation with the other members of the international donor community. Nevertheless, when doing so, we aim to rely on our traditional relations and comparative advantages in accordance with our foreign and security policy and our economic interests abroad, while also basing on the needs of our partner countries.

Most of our development actions implemented or started in 2007 are related to good governance, originating from sharing of Hungary's experiences in political-economic transition; establishing democratic structures respectful of human rights, creating conditions for the transition to a free market economy promoting poverty reduction and modernizing the supply of statistical data. The development of the civil sector and education, the knowledge transfer in agriculture – due to our traditionally high level cultivation – are also important fields of Hungary's IDC activities.

As the global challenges (climate change, epidemics, migration) multiply day by day, Hungary is for the increase and the effectiveness of aid for the regions facing extreme poverty and for those most vulnerable to climate change. Our membership in international organizations, our commitments require taking respective action. Unfortunately our budget for the bilateral IDC fell by 10% compared to 2006, therefore predicting a decrease in our GNI commitments (0.13% in 2006).

We deem it important that the public opinion had more and more chance to familiarize with Hungarian IDC in 2007 – for example with our development activities in Afghanistan. This is considered as a positive change, since awareness raising is fundamental in order to encourage people for a global action. We are currently working on deepening a development-centred strategic thinking and developing various communication programs focusing on educational institutions with an even bigger emphasis. The involvement of the civil sector and the NGOs is becoming more and more active and characteristic, the cooperation between the MFA and its civil partners is gaining a more institutionalized form.

The Hungarian Government approved the concept paper of the Hungarian Development Cooperation in 2001. The preparation of the Hungarian IDC Law started in 2007 and is currently under process. In 2007, two country strategy papers (CSP) were drafted: the CSP for Bosnia and Herzegovina and for Vietnam both outline the directions and the main fields of our development policy in the coming 3 years. Our goal is to prepare more CSPs for our partner countries receiving the highest Hungarian development aid.

I. Multilateral cooperation

Being signatory of numerous international agreements and member of several international organizations, Hungary is becoming part of various IDC initiatives. A decisive amount of our IDC expenditure accounts for the yearly membership fees and contributions – also recognized as ODA – paid to these respective organizations.

Throughout 2007, the most important part of the Hungarian IDC remained to be in the frame of the European Union and the United Nations system. We took part in their activities through the intergovernmental cooperation connected to the EU development policy, through step-by-step implementation of the EU guidelines for the coordination of the member states, and mostly through UN membership fee payments.

Concerning our commitment to the Millennium Development Goals adopted in 2000 by the UN's General Assembly, Hungary is also an active participant of the fora drawing balance of the results achieved so far and outlining the future roles.

International donor cooperation

Hungary's accession to the Paris Declaration on Aid Effectiveness

The Paris Declaration, endorsed on 2 March 2005, is an international agreement to which over one hundred countries, international organizations, agencies pursuing development activities adhered. The Paris Declaration lays down a practical, action-orientated roadmap to improve the quality of aid and its impact on development. The commitments are organized around five key principles: ownership, alignment, harmonisation, managing for results and mutual accountability. The goals set out in the Declaration are to continue to increase efforts in harmonization, alignment and managing aid for results with a set of monitorable actions and indicators, in order to accelerate the achievement of the MDGs.

Foreign Minister of Hungary Kinga Göncz announced our adhesion to the Paris Declaration on 7 December 2007. This was a significant step paving the way towards realizing a responsible donor policy, demonstrating Hungary's "commitment to improve the quality of aid and its impact on development". Nevertheless, a serious task lies ahead of us in terms of planning our IDC policy, coordinating the needs of our partner countries and the activities of the other members of the donor community, measuring effectiveness and accountability.

Accession to the Food Aid Convention

The 1995 Food Aid Convention, renegotiated in 1999, sets out as objective to achieve world food security and to enhance the capacity of the international community to respond to food emergency situations. Members (Argentina, Australia, Canada, the EC Member States, Japan, Norway, Switzerland and the United States of America) agree to provide wheat to developing countries or the cash equivalent thereof in the minimum annual amounts. The quote regarding the EC and Member States is 1 320 000 tons. Hungary's accession was announced in 2007 in the form of a government decree.

The European Union

The German Presidency (1st semester of 2007)

The most important tasks of the German Presidency were: continuing the successful conclusion of the Economic Partnership Agreements (EPA) with the ACP (African, Caribbean and Pacific) countries, adopting the Code of Conduct and promoting the Aid for Trade Strategy. An informal ministerial meeting was organized in Petersberg, 12-13 March 2007, with a schedule focusing on energy, climate change and development.

The Portuguese Presidency (2nd semester of 2007)

The Portuguese Presidency concentrated first and foremost on the ACP countries and Africa. The most important results achieved were the organizing of a successful EU-Africa Summit, the adoption of a new Africa Strategy and Country Strategy Papers for 2008-2012, the reduction of the severe trading and economic disadvantages generated from not concluding the EPAs by introducing interim agreements for 2008, the adoption of the directives necessary for the entry into force of the 10th EDF. The Presidency emphasized on the importance of policy coherence for development (migration, climate change) and underlined the close interlinkage between security and development – also a joint ministerial meeting between the defence and development ministers took place for the first time during this Presidency. Signing the European Consensus on Humanitarian Aid deserves a merit as well.

Aid for Trade (AfT)

The market share of the least developed countries (LDCs) – despite the preferential agreements granted by the EU and the other developed countries – remains marginal in terms of world trade. The reasons behind might be the limited production and trade capacities and therefore a weak competitive power of the affected countries. Hence, Aid for Trade, being now one of the priorities of the EU, aims to support the efforts of the developing countries (especially the LDCs) in terms of trade reforms, capacity building and to facilitate the adaptation to the world trade system.

Concrete AfT pledges were made on the May 2007 GAERC in order to balance the trading difficulties of the ACP countries. The European Commission and the EU Member States therefore increase their Trade Related Assistance (TRA) to 2 billion EUR by 2010. 1 billion EUR will account for the Member States. Also, the EU should apply the Integrated Framework – an instrument designed to develop the trading capacities of the LDCs – effectively, in accordance with the TRA coordination. An international conference initiated by the Swedish government was held for its revival in Stockholm, 2007. 39 countries offered their financial support, Hungary and Estonia being the only NMS contributing to the initiative. State Secretary László Várkonyi underlined the importance of the donor contributions through the development of trading capacities in order to improve the absorption capacities of the LDCs, also signalling that capacity development in trading will become one of our future IDC activities.

EU Code of Conduct on Complementarity and the Division of Labour in Development Policy

With a view to improving aid effectiveness and the performance of the EU cooperation policy, the May 2007 GAERC adopted a Code of Conduct. The Code is based on eleven principles designed to reduce the administrative formalities, to use the funds where they are most needed, to pool aid and to share the work to deliver more, better and faster aid. The goal is to offer the donor countries – to NMS and to donors with a smaller IDC budget as well – the opportunity to confine their assistance to the sectors in which they offer the best comparative advantage, to encourage joint donor coordination when having the same approach – also worth considering for Hungary –, to focus donor activities, to choose the strategic sectors in the partner countries, to select a leading donor, to transfer competences in the same sector, to limit the number of donors active in certain sectors.

European Development Days (EDD)

The European Development Days were held in Lisbon, 7-9 November 2007. The event set out the objective to draw the attention on EU development policy, its goals and results, focusing this year on climate change and its consequences on development. The Hungarian Ministry of Foreign Affairs (MFA) operated a stand in the Development Village where our IDC policy, various brochures describing scientific and innovative projects and their results connected to climate change and adaptation were presented.

Within the framework of the Hungarian side event, the research project „VAHAVA – Getting Prepared to (combat) Climate Changes in Hungary”, carried out by the Hungarian Academy of Sciences and the Hungarian Ministry for Environment and Water Management was presented. The project’s objective was to summarise and synthesise knowledge, data and experiences gained in the past decades in the field of climate research and the impact areas of climate change in Hungary. The project also targeted the creation of possible adaptation mechanisms. The results of the project can be useful for the broader international community in developing adaptation strategies to climate change.

United Nations

On the 62nd session of the UN General Assembly, 2007, the Member States adopted a resolution on the declaration of the Second UN Decade for the Eradication of Poverty /2008-2017/. Fighting against poverty remains an important component of the international donor community’s activities, besides the achievement of the MDGs.

Dialogue on Financing for Development

The third High-level Forum on Financing for Development was held in New York, 23-25 October 2007, with a strong emphasis on the implementation of and tasks connected to the Monterrey Consensus. The meeting also served as a preparation for the Financing for Development Conference to be organized by the UN in Doha, in November-December 2008, calling for the revision of this very Consensus adopted in 2002. The importance of good governance in terms of sustainable development and economic growth, human and women rights were in the focus of the event where the biggest international organizations connected to development – WB, IMF, WTO, UNCTAD, UNDP, etc. – were also present. Among the issues discussed were the role of international trade in development, the problem of

indebtedness, the importance of technical assistance, the coherence between international financial and trade systems.

State Secretary Várkonyi underlined the role of a stable, predictable trade defined by multilateral rules as a prerequisite for economic growth. Hungary agrees with those highlighting the yet unexploited potential of South-South trade next to the traditional North-South dimension. Market access is not enough for LDCs to integrate into the world economy – they need assistance in building the trade infrastructure and adequate producing capacities, therefore Hungary is committed to allocating funds in its 2008 budget for Aid for Trade.

Climate change

According to the European Council's 2007 position, the developed countries should decrease their carbon dioxide emissions by 30% by 2020, and fast-growing economies also have to take certain restrictive measures. On the UN Climate Change Conference organized in Bali, 10-14 December 2007, the EU Ministers also committed themselves to decrease their emissions (compared to the 1990 level) by 25-40% by 2020. A delegation led by the Minister of Environment represented Hungary at the event. A comprehensive negotiation was agreed upon, setting out 2009 as a deadline for concluding an agreement on the guidelines on how to meet the obligations.

II. Bilateral cooperation

Strategic partners

Bosnia and Herzegovina

The CSP for Bosnia and Herzegovina was drafted in 2007. The main target fields identified for conducting our development activities are poverty reduction, strengthening governmental structures – good governance, supporting a society respectful of human rights. We have undertaken the implementation of 16 projects so far, reaching a total amount of 116 106 653 HUF. We have implemented trainings and study tours. Hungary has offered 100 000 EUR for the renovation of the Sarajevo National Library. We have prepared 2 projects in the frame of the UNDP Cost Sharing Agreement.

Serbia

The CSP for Serbia was adopted in 2007, indicating our goals for strengthening the European perspective, stability and democracy through implementing projects with a strong focus on technical assistance, exchange of experience. Approximately 10% of the Hungarian IDC is implemented in Serbia. We have made commitments to carry out 70 projects so far, in a total of 637 820 000 HUF. We spent 2.5 million HUF for preserving cultural heritage in Kosovo.

Vietnam

The CSP for Vietnam was drafted in 2007. Vietnam is Hungary's most important Far Eastern partner country, our development cooperation activities focus mostly on sharing the experience of economic transition and agricultural-rural development cooperation (fish

farming). We are committed to the implementation of 26 projects in a total of 269 922 298 HUF. We offered different study tours and scholarships for experts and students as well.

Partner countries

Ethiopia

Due to the fact that Hungary has released 90% of Ethiopia's bilateral debt of 7.5 million USD, we apply the remaining 10% on development projects. A significant water management project contributes to the efficiency of agricultural productivity and the amelioration of living conditions of the local population.

Yemen

We undertook a total commitment of 65 million HUF under which the preparation of the public procurement for the renewal of the Salahaddin Hospital has started.

Cambodia

We emphasized on poverty reduction and the development of the social sector. The MFA supported a project aiming to facilitate the job finding of the Angkor orphans by 22.5 million HUF.

Kyrgyzstan

Kyrgyz diplomats visited Hungary in the frame of a study tour in a total of 11 million HUF.

Laos

Projects covering fish farming and agriculture were implemented in a total of 15 million HUF.

Macedonia

Two projects of 50 million HUF are under process in the field of health and e-health.

Moldova

We have committed to undertake 28 projects in a total of 73 000 926 HUF. A law harmonization program of 4.5 million HUF was conducted, and is expected to continue in 2008. Our target sector is providing technical assistance in sharing experience in European integration, good governance and the fight against corruption, migration and organized crime.

Mongolia

Study tours of experts in the fields of water management and agriculture have been organized in 2007, and a technical assistance of 30 million HUF for fire services and 2 scholarships were implemented.

Montenegro

Offering a tied aid credit of 15 million EUR was agreed upon in 2005 covering the building of 5 educational institutions, two of which were inaugurated in September and in December 2007.

Palestinian Authority

There were no projects implemented in 2007 due to political factors. Hungary offered 50 000 HUF on the Paris International Donor Conference to ease the Palestinian humanitarian situation.

Ukraine

Ukraine is one of our distinguished partners; we have committed to undertake 42 projects in a total of 275 636 388 HUF, mostly focusing on governance and the civil sphere, health, education, trade, tourism and agriculture. In 2007, the cooperation with the Canadian Development Agency (CIDA) in the frame of the ODACE program, the co-financing of a project aimed at the modernization of the Ukrainian state administration system, came to an end.

Development cooperation based on international commitments

Afghanistan

Hungary took over the lead of the Baghlan Provincial Reconstruction Team (PRT) in autumn 2006. Military action goes hand in hand with the implementation of development programs. Our main goals are supporting the building of the state, achieving growth, reducing poverty, facilitating development and security. In 2007, Hungary's ODA contribution to Afghanistan reached a total of 2 million EUR, with an extra pledge from Greece of 500 000 EUR. The most important projects implemented are workplace creation (brick factory), agricultural development programs (milk production program), training of professionals, education and midwife training.

Iraq

The training of professionals in the field of justice was implemented, of a total of 3 000 000 HUF.

Development activities based on the IDC Inter-Ministerial Committee's 1/2007. Resolution

The Resolution prolonged for year 2007 the support offered to Sri Lanka and Indonesia, respective of the 2004 tsunami.

Development activity with non-partner countries

Mozambique

96.75% (17.326 million EUR) of Mozambique's debt was remitted in 2007, thus making 96.75% of its interest rate (13.401 million EUR) recognizable as ODA, namely 12.965 million EUR.

III. Humanitarian Aid

Multilateral humanitarian donor activities

Significant amount of the Hungarian sources allocated for international humanitarian aid are delivered through the membership fees paid to international organizations. The European Consensus on Humanitarian Aid was adopted in 2007, stating that humanitarian aid is a common competence in the EU, basing on rich traditions and the diversity of its actors. The EU's humanitarian activity completes that of the UN, the Red Cross and the Red Crescent, among others, accounting alone for the highest volume of humanitarian aid in the world.

Our bilateral, government initiated humanitarian aid in 2007

- Afghanistan – 5 million HUF stop-gap aid for the aggrieved of terrorism
- Lebanese Palestinian refugee camp – 2-2 million HUF stop-gap aid
- Moldova – 50 000 EUR transfer to ease drought damages
- Bangladesh – 5 million HUF stop-gap aid to ease flood damages
- Peru – 1.5 million HUF medical package to ease the earthquake damages
- The Csángós – 1 460 000 HUF for school repairs and school material donation

Remnants of the previous year: 27 million HUF humanitarian aid for the Palestinian Authority, and 14 million HUF co-financing commitment for a rehabilitation program following the Pakistani earthquake.

Communication

Communication in terms of humanitarian aid has ameliorated during 2007, especially due to TV shows and some articles.

IV. Institution, organization

Organization

The level of decision making has increased in 2007, making the International Development Cooperation Governmental Committee responsible for the designation of geographical and sectoral directions and the coordination of the yearly national plans. The chair of the body is the Minister of Foreign Affairs, and its members represent different line ministries. The Committee is assisted by a renewed Civil Advisory Board.

Microprojects

A microproject is a small-summed special fund allocated to the budget of Hungarian Embassies operating in some of our partner countries. It serves for the implementation of projects initiated, planned and designed by the Embassies, thus making the decentralization of the Hungarian IDC activities possible. 10% of the bilateral IDC budget can be allocated for microprojects. The Hungarian missions involved in the implementation are those in Belgrade, Chisinau, Hanoi, Nairobi and Pretoria.

Cooperation with HUN-IDA

HUN-IDA is contracted since 2006 for 3 years as the implementing organ of the Hungarian IDC. It is responsible for organizing and implementing the technical assistance for delegations arriving to Hungary, and also for preparing, monitoring the calls for tender, providing advice and taking part in the IDC capacity building activities.

V. Financing

Compared to 2006, our budget for bilateral IDC projects conducted by the MFA fell by 10% in 2007, resulting in a total of 275 million HUF. 30 million HUF was allocated for humanitarian aid. The remnants from the previous years, 1.2 billion HUF is considered as a financial backup.

VI. The role of the civil society

Cooperation between the Ministry of Foreign Affairs and the civil society

The civil society plays a fundamental role in implementing the development projects, increasing social awareness, strengthening civil control and securing the sustainability of development results.

The stronger and stronger cooperation, the more and more active IDC activity of the Hungarian NGOs has justified the creation of a discussion and coordination forum for dialogue between the representatives of our civil partner organizations and the MFA.

The MFA has also organized several capacity building trainings, seminars and conferences for the civil partners, for example in the frame of the UN Volunteers Program, the Finnish-Hungarian twinning program by Finnish experts, or in the frame of the MATRA Program by Dutch experts. The civil society has also contributed to our work by preparing the Aid Watch report based on the Hungarian IDC activities between 2003 and 2006.

Tenders

A 140 million HUF IDC tender was announced by the MFA in 2007. 37 applications arrived with a total request of 450 million HUF from which 14 are granted support. The majority of the tenders aimed at strengthening the governmental structure, health services, agricultural development and education.

VII. Awareness raising, capacity building

A growing interest has been perceived throughout 2007 from the part of the Hungarian society. The press has also been dealing more and more frequently with issues connected to development policy and poverty reduction. A forum held in the Parliament and the presentation by the MFA representatives at the famous, yearly-organized Sziget Festival has also reached various target groups.

Preparation for the 10th EDF

With the support of the MFA, the Corvinus University of Budapest, the Euroconsulting Kft. and the Trust for Agriculture organized a seminar for Hungarian companies and the civil society concerning the opportunities of the 10th European Development Fund. The 10th EDF starts in 2008, aiming to support the ACP countries, with Hungary also contributing to it.

VIII. Professional cooperation

Finnish “twinning light”

A comprehensive capacity building program was realized in 2007 between the Finnish and Hungarian MFA and HUN-IDA. The EU-funded “twinning light” focused on the strengthening of our IDC capacities concerning the programming, implementing and monitoring of the projects, in order to increase the efficiency of Hungarian donor activities. Seminars in Budapest and study trips to Finland were organized, with a total budget of 228 924 EUR.

Dutch-Hungarian capacity building training

A one-year training was organized in the frame of the Dutch MATRA FLEX Program, aiming to widen our development cooperation knowledge in the field of state administration and project implementation. The program consisting of study tours to The Hague and seminars in Budapest came to an end in 2007.

Dutch-Hungarian Development Conference in Budapest

The Ministries of Foreign Affairs of Hungary and the Netherlands organized a seminar on European Union Development Policy and Reproductive Health in Budapest on 3-4 December 2007. The goal of the meeting sponsored by the MFA of the Netherlands was to provide insight into European development cooperation policy on reproductive health, as well as to stimulate dialogue and exchange experiences. Experts and professional delegates from 12 new Member States and the Netherlands participated in the event.

IDC Political Seminar

A two-day seminar was organized by the UNDP, the MFA and HUN-IDA in March 2007. The participants discussed their IDC policies in practice, the possibilities for cooperation, the frames of the political strategies and their implementation, their comparative advantages, the focal sectors and financial perspectives.

IX. Tasks for 2008

The preparation of an IDC-law, the enhancement of professional and political coordination regarding the realization of increased financial commitments for 2009-2010, the drafting of two CSPs, respectively for Moldova and the Palestinian Authority will be among our most important priorities for