



Visegrad Four: Donor Coordination for Serbia Recommendation Brief

Introduction

The objective of this brief is to summarise and give recommendations from the debates held as part of the workshop entitled 'Visegrad Four: Donor Coordination for Serbia' which was held on 9th and 10th September 2009 at the Ministry of Foreign Affairs, Bratislava, Slovakia¹.

The two-day event was intended to bring together official representatives from the Visegrad four² to examine possible ways to improve coordination mechanisms for development assistance, using Serbia as a case study. V4 officials were joined by representatives from the Serbian government, major international donors, private foundations, regional NGOs and academics³. Together the participants discussed various issues surrounding the central theme of donor coordination⁴.

What is donor coordination?

Efforts to raise the interest of donors in coordination have increased considerably over the past few years. The 2003 Rome Declaration on Harmonisation⁵ was the beginning of a series of international efforts to bring efficiency and coordination to the activities of donors. The much-discussed Paris Declaration on Aid Effectiveness was signed in 2007⁶, with donor harmonisation as one of its five central tenets. All four Visegrad countries were signatories. The Accra Agenda for Action⁷ was then signed in 2008 in an attempt to accelerate the somewhat stalling aid effectiveness agenda. The end goal was to encourage signatories to make their aid more effective and to increase the impact of their development assistance. Although some progress has been made, the effort to coordinate development assistance originating from the Visegrad countries is still very much in its infancy.

¹ The workshop was co-organised by the Pontis Foundation and Slovak Aid and was funded by the International Visegrad Fund, Slovak Aid and the Central European Initiative, with funding from Austrian Development Cooperation. The Slovak Ministry of Foreign Affairs and the Serbian Embassy in Bratislava also supported the event.

² The Visegrad four, or 'V4' comprise Slovakia, Hungary, Poland and the Czech Republic.

³ A full participants list is attached as Annex 1.

⁴ The final agenda is attached as Annex II.

⁵ <http://www.oecd.org/dataoecd/54/50/31451637.pdf>

⁶ <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

⁷ <http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1217425866038/AAA-4-SEPTEMBER-FINAL-16h00.pdf>

Donor coordination as a concept is problematic to define. According to one study⁸, coordination, or harmonisation comprises four components: The development of certain common arrangements for the planning, management and delivery of aid; the gradual simplification of procedures and specific requirements in order to reduce the burden on partner countries; the sharing of information; and the aim of producing similar objectives and policies. If these are the means, then the end must surely be to the benefit partner countries. When development assistance agencies coordinate, aid goes further.

Why the Visegrad Four and Serbia?

Hungary, Poland, Slovakia and the Czech Republic hold shared recent histories, have experienced similar regimes and possess parallel values. The common path the countries took on their way to democracy and to EU membership unites them in outlook.

Serbia is a priority country for three out of the four Visegrad countries' development assistance. They have similar priorities in their development assistance to Serbia and comparable sectoral focus. Separately, the Visegrad four countries, or V4 as we can call them, have begun to establish themselves as credible donors in Serbia. Although at approximately EUR 2m⁹, the combined V4 aid budget for Serbia in 2008 was small compared to major donors such as USAID and SIDA, the sum adds up to a not insignificant amount. But by creating a more predictable donor environment for the partner country, by enabling aid to be distributed in a more effective way, and by working together to increase aid impact, donor coordination between the V4 countries can have enormous potential.

Recommendations to the Visegrad Four Official Development Assistance Agencies

These recommendations are drawn from the workshop panel discussions and break-out groups. They are in the form of potential themes to explore further, concrete policy suggestions and more general ideas and submissions from participants.

1. Make use of existing donor coordination mechanisms

Perhaps the most important theme of the discussion centred on the need for the Visegrad countries to support and make use of the existing donor coordination mechanisms in Serbia. The Serbian Ministry of Finance houses the Development Assistance Coordination Unit, or DACU for short. The Unit's Head, Ms Gordana Lazarevic made a clear plea to the donors present to utilise DACU when disseminating their aid. This is a fundamental recommendation to the V4 official development assistance agencies. DACU registers all aid flows and national priority projects via communication, programming and reporting tools. The unit also coordinates aid through the mechanism of a Calendar for Programming and Reporting, which lays out all international assistance to Serbia. This essential tool is

⁸ Paul Balogun, 'Evaluation Progress Towards Harmonisation', DfID Working Paper 15, May 2005 <http://www.oecd.org/dataoecd/6/55/35242854.pdf>

⁹ Details of the development programmes for Serbia of Hungary, Slovakia and the Czech Republic are included in Annex III.

supported by the ISDACON database¹⁰ which registers all international assistance provided to Serbia. By utilising and supporting DACU, V4 donors can improve aid predictability, involve Serbia as a consultative partner country, divide labour and be an active participant in taking a sectoral approach to aid. Donor coordination is not just between donors, but between donors and the partner countries.

A further recommendation within this theme is that of the call to Visegrad countries to increase their visibility in the field, by being present at existing donor coordination meetings in Belgrade. An informal donor group is active under the co-leadership of the World Bank and the European Commission. In addition, there are a number of sectoral coordination groups in Serbia, each chaired by an individual donor, or group of donors. It is in these meetings that the V4 should be more involved. The workshop garnered an encouraging proposal from the Hungarian Embassy in Belgrade to represent all V4 official development aid agencies at these meetings. The offer was met with initial support, and is currently awaiting approval from official channels. If this were to occur, a huge step would have been made in coordinating the Visegrad presence at existing donor meetings in the field. The problem of the lack of capacity would have been overcome, whilst efforts would increase at avoiding duplication of assistance.

2. Look to the partner countries for development assistance priorities

An important recommendation for newer donors such as the Visegrad four, is to look to the partner countries themselves for development assistance priorities. Serbia's National Strategic Framework and Multi-Annual National Programme Document (Needs Assessment) are key documents which set out clearly the priority needs and requirements of Serbia for incoming assistance. The Needs Assessment is in particular, essential for establishing development goals and inter-sector priorities. Indicators and data sources for aid effectiveness monitoring are also included, which assists donors to identify attained levels of reforms and expected reforms in the upcoming period.

Likewise, the Serbian EU Integration Office pointed to the existence of the National Programme for the Adoption of the Community Acquis, which lays in out in detail the needs and priorities of the Serbian government in their strategic goal of EU membership. It is the partner countries who know best what they need. Cooperation at this level would create the conditions for a true policy dialogue between donors and the partner country and would go some way in transferring ownership of the donor process to the partner country.

In one of the break-out discussions, the issue of how to make use of V4 experts was debated. Once more, a key recommendation was made concerning the need for Visegrad donors to look to the partner countries for what kind of expertise was required. The concept of twinning or an exchange of experts was discussed, where donors could send an expert

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<http://www.evropa.gov.rs/Evropa/PublicSite/index.aspx?ReturnUrl=%2fEvropa%2fInfoPage.aspx%3fmessage%3d0&message=0>

with knowledge of one policy area, especially related to the implementation of a particular pre-accession instrument. A direct transfer of knowledge to a line ministry for example, could then be achieved. Visegrad countries were encouraged to once more make use of DACU, who has simplified existing procedures by establishing the legal basis for hosting experts in Serbia. Again, it is to the partner countries that the V4 development assistance agencies should look for their priorities.

3. Utilise multi-lateral lessons learnt from major donors

A third theme which encompasses a number of recommendations, surrounds the issue of learning from others' successes and mistakes. There is a perception that established donors, such as DfID, SIDA, USAID and multi-laterals such as EBRD and the EC are in a different league to that of the V4 donor agencies, due to the considerable scale of assistance and their significant capacities in the field. Whilst this may be true to an extent, many lessons learnt can be passed on, both in terms of achievements and looking at how more established donors would do things differently the second time around. Discussions during the workshop brought up many strategic lessons for the V4 development assistance agencies. The key recommendation of working with, rather than for, Serbia was brought up repeatedly. In this context, coordination between donors, especially in the multi-lateral sphere, was seen within the framework of working together, but always in partnership with Serbia.

DfID connected this theme with the notion that while bilateral assistance can make a valuable contribution to Serbia's development, EU member states should not forget their position as contributors to the EC's assistance, which due to its extensive funding, has significantly greater potential. There was a call for the V4 to be active and vocal partners in these multi-lateral endeavours. The EBRD pointed to the concept that the most influential donors are those playing at both the bilateral and multi-lateral levels. The existence of sector-specific 'light multi-donor funds' was referred to, as an effective way for newer donors to enhance the efficiency of their funds, whilst increasing their influence on policy orientation.

4. Accept the challenges of a sectoral approach

The notion of sector-wide approaches, or SWAPs as they have been termed, is a further area where the Visegrad development assistance agencies were recommended to pay greater heed. By applying a sectoral approach, donors are able to address all five of the Paris Declaration principles¹¹. Donors align their funding to one key area, whilst taking the lead from the partner government or line ministry. This was described as true collective donor programming. Sectors that work well for donor coordination include justice reform, energy, transport, municipal restructuring and infrastructure.

¹¹ <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

One sector which was particularly commented on for the difficulty in succeeding in its coordination attempts, was that of civil society. Although Serbian civil society representatives present maintained the critical juncture at which the sector currently finds itself, there was little optimism for success in coordination. The central problem of sustainability was remarked on, as well as the need to map the sector effectively. Without this, donor coordination in the third sector was deemed to be troublesome and complicated. V4 agencies were recommended to be more flexible in their approach to civil society than established donors. This does not mean that the sector should be ignored, but rather that more needs to be done to examine ways for civil society to improve in its own coordination attempts. It was suggested that smaller donors should be encouraged to join forces and fund civil society organisations together, in order to make more of an impact than merely donating small amounts for single and ultimately unsustainable projects. Understanding which sectors lean more to coordination than others is key to deciding where to focus coordination efforts.

Conclusion

Throughout the debates and discussions, much was made of the notion that aid effectiveness and its position within the Paris Declaration, is more than just donor coordination. Whilst this is undoubtedly true, what is most important is that coordination between the Visegrad countries on the dissemination of their development assistance is the first stage in tackling the wider issue of aid effectiveness. The size of V4 aid budgets and their consequent capacity problem should be taken into consideration when examining their compliance with the aid effectiveness agenda. But Visegrad four countries should think boldly and bravely about the future course of their aid. Coordinating with their closest neighbours makes sense exactly because of their limited individual budgets. In partnership with Serbia and working directly with and learning from each other will create a more predictable environment for their partner countries and will enable V4 aid to be distributed in a more targeted way. Put simply, donor coordination among the Visegrad four will make aid work more efficiently, to the benefit of all.

Conference partners



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