

## Briefing Paper

# Development cooperation of the Visegrad Group in the context of the European Union

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## Introduction

The Visegrad Four (V4) is a group of four Central European countries – the Czech Republic, Hungary, Poland and Slovakia<sup>1</sup>. The countries share a common history, as well as cultural and religious background. After 1989, the countries joined their efforts in the process of integration into the European institutions and joined the European Union (EU) in 2004. Later the countries have engaged in joint foreign policy activities, mainly in the field of democracy promotion and security (Visegrad Group 2006). The Visegrad Group has recently celebrated 20 years of its existence. This is a great opportunity to explore the possibilities of further cooperation.

The aim of this paper is to assess the development assistance of the Visegrad countries as an emancipated part from their foreign policy. Firstly, the paper provides an overview of the recent performance of the Visegrad countries development assistance programmes. The second part assesses the V4 Official Development Assistance (ODA) performance from the EU perspective. The last part looks into the added value of V4 development assistance and explores possible areas for joint cooperation at EU level and within the Visegrad Group as such. The paper concludes by summarizing the recent actions of the V4 group which could strengthen the position of the V4 among EU donors.

## Where is V4 development assistance going?

Although all members of the Visegrad Group consider poverty reduction to be one of the primary goals of their development assistance (at least on paper), the insufficient representation of the least developed countries<sup>2</sup> (LDCs) among their priority countries proves the very opposite. Volumes of ODA show limited support for LDCs with the exception of Afghanistan. Insufficient support for the least developed countries is, however, in contrast with international commitments, such as the Paris Declaration on Aid Effectiveness and the European Consensus on Development. At the same time it is important to bear in mind the potential focus and the added value of the V4 Group in the area of transition experience, which is considered to be a comparative advantage and an added value of the V4 group. Transfer of experience and knowledge in different areas of a country's political, economic and social development to the countries currently undergoing a transition process (mainly post-Soviet countries and other Eastern European countries) diverts the focus from the least developed countries, as aid is mainly provided to middle income countries rather than to LDCs and low income countries<sup>3</sup>. In this respect, the Eastern partnership exercised by the V4 as a group seems to be more relevant to the V4 experience, while also being derived from the needs of the recipients<sup>4</sup>. On the other hand, this should not limit the V4 countries from also including LDCs in their national development programmes.

## Development as a cornerstone in EU foreign relations

The European Union is the biggest donor providing 60% of the world's official development assistance, amounting to 48.2 billion EUR in 2009 (EC 2010). EU relations with developing countries and EU development policy play key roles within the external relations of the EU. The EU development policy

<sup>1</sup> Initially the Visegrad Group comprised of only three countries – Czechoslovakia, Poland and Hungary. After the separation of Czechoslovakia the group enlarged to four members. Hence the name 'The Visegrad Four' or the 'V4'.

<sup>2</sup> Group of countries with lowest indicators of socioeconomic development.

<sup>3</sup> Classification of countries according to OECD DAC list of ODA recipients.

<sup>4</sup> The recently published OECD DAC Peer Review of Polish ODA acknowledged the possible contribution of Polish ODA "towards the development of its neighbours in Eastern Europe where it has a comparative advantage" (OECD DAC 2010).

comprises relations with at least 151 developing countries. It represents the highest proportion of the EU budget line for external relations called EU as a Global Player (EC 2004). For the years 2007–2013 the EU is allocating 55.935 million EUR which is equal to 5.7% (excluding the European Development Fund) of the total current EU financial perspective (975.777 million EUR). In addition, EU development policy can rely on substantial EU members' contributions to the European Development Fund<sup>5</sup> (EDF).

In this respect, the V4 countries lag far behind in sources, capacities but also relevance devoted to development cooperation. The accession of the V4 countries to the EU highly accelerated the formation of V4 development policies. Nevertheless, development as well as global issues has been of marginal interest in the political agendas of V4. Foreign policies above all address the affairs within the EU, some transatlantic relations and the nearest neighbours. The EU is naturally perceived as a focal instrument for national foreign policies and it is also often seen as bearing responsibility for solving every global problem. Only issues related to key national interests of the V4 such as economy and security require greater global outreach. Nonetheless, all the EU 12<sup>6</sup> have reconfirmed their share of global responsibility and committed to increase aid effectiveness and aid volumes. In line with EU policies, development policy and also global issues should be brought more to the forefront of V4 foreign policies and accompanied by appropriate resources.

### Levels of V4 ODA in the EU spotlight

In 2005 the European Union member states agreed on the Barcelona II commitments for providing development assistance<sup>7</sup>. For the EU 12 the targets were set at 0.17% of GNI for ODA by 2010 and 0.33% by 2015. Although financial volumes have been steadily growing for the past decade, the V4 states are far from reaching the recommended volumes (see Table 1). The size as well as the scope of V4 development cooperation are hardly comparable with that of the EU 15<sup>8</sup>. Nevertheless, the V4 should take part in EU development cooperation. They have contributed to the EU development budget since 2004 and to the European Development Fund since 2011. The volumes of their national ODA in absolute volumes are one of the highest among the EU 12, but still not sufficient to match the smallest ODA provider within the EU 15<sup>9</sup>.

**Table 1: ODA to GNI ratio of the V4 countries**

Donor/year	2004	2005	2006	2007	2008	2009	2010
Czech Republic	0.11%	0.11%	0.12%	0.11%	0.12%	0.12%	0.12%
Hungary	0.06%	0.11%	0.13%	0.08%	0.08%	0.09%	0.09%
Poland	0.05%	0.07%	0.09%	0.09%	0.08%	0.09%	0.08%
Slovak Republic	0.07%	0.12%	0.10%	0.09%	0.10%	0.09%	0.09%

Source: OECD DAC (2011)

<sup>5</sup> EDF is a financial instrument for providing development cooperation in the African, Caribbean and Pacific countries (total of 79 ACP countries) and stands out of the EU general budget. It is funded by the Member States, has its own financial rules and is managed by a special committee.

<sup>6</sup> 12 EU Member States: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia.

<sup>7</sup> In 1969, the Pearson Commission recommended that the developed countries should provide 0.7% of their GNP for development assistance by 1975, if there is to be seen a sustained growth in the developing world. More than thirty years later only very few countries have managed to reach this target.

<sup>8</sup> So called "old" member states or the EU 15 are the member countries in the European Union prior to the accession of ten candidate countries on 1<sup>st</sup> May 2004. The EU 15 comprises of the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

<sup>9</sup> Among the EU 15 Luxembourg provides the smallest absolute volume of ODA – 414.73 million EUR. However Luxembourg belongs to the group of the EU member states that provide more than the ODA quantity target of 0.7%.

However, If we consider the V4 as one entity and count their ODA in absolute volume altogether, the V4 total ODA of 781.7 million EUR exceeds the ODA volume of Greece, Portugal or Luxembourg (as shown in Table 2). If we compare the levels of the national V4 ODA ratio to GNI, we get a very different result – there is a large gap between the EU 15 and the EU 12, including the V4.

**Table 2: Comparison of absolute and relative volumes of ODA of selected EU 15 member states and V4**

Country	France	Germany	UK	Spain	Ireland	Luxemburg	V4
ODA	12 600.02	12 079.3	11 282.61	6 584.11	1 005.78	414.73	781.7
GNI	2 677 753.95	3 403 356.08	2 222 955.33	1 433 701.43	184 655	39 769.42	808626
ODA/GNI	0.47	0.35	0.51	0.46	0.54	1.04	0.10
Country	V4	Slovakia	Hungary	Poland	Czech Republic	Greece	Portugal
ODA	781.7	75.39	116.92	374.67	214.72	607.27	512.71
GNI	808626	87140	122778.88	419077.58	179629.58	321 595.88	218 909.07
ODA/GNI	0.10	0.09	0.10	0.09	0.12	0.19	0.23

Source: OECD DAC (2011), 2009 figures

We can apply a similar view to the position of the V4 in the European Development Fund. The contributions to the EDF are on a voluntary basis. Each member state is given a number of votes in the EDF Committee based on the volume of its contribution (as shown in Table 3). Among the EU 12, Poland has the highest number of votes (13). The V4 countries (with 26 votes in total) rank between Sweden (27) and Austria (24). Nevertheless, none of the EU 12 countries has either a strong voice or enough capacity to follow the EDF. This could possibly evoke a suggestion for V4 joint coordination and advocacy, however, as none of the ACP countries are among the overlapping priority countries of the V4, the V4 countries should jointly focus on other EU development cooperation instruments such as the European Neighbourhood Policy Instrument or Development Cooperation Instrument rather than devoting their efforts to the EDF.

**Table 3: Contributions and votes of V4 countries in EDF**

Country	Czech Republic	Hungary	Poland	Slovakia	V4 in total
Contribution in EUR	115 678 200	124 751 000	294 866 000	47 632 200	582 927 400
Contribution key	0.51	0.55	1.3	0.21	2.57
Number of votes in the EDF Committee (out of the total 1004 votes)	5	6	13	2	26

Source: European Union (2006/a)

### Double track in EU development cooperation

Any financial contribution to joint funds should come hand in hand with an appropriate engagement in decision-making. The V4 countries lack adequate sources and capacities to follow and comment on the EU development cooperation agenda. One of the reasons is that the foundations of development policies were formulated during EU accession and did not have enough time to build sufficient capacity. This results in rather **lower engagement in policy-making and a reserved attitude towards more progressive EU development cooperation** is prevailing. In addition, certain euroscepticism of

some of the V4 countries is occasionally still being manifested (mainly in the Czech Republic). We can perceive a double-track EU development policy as a result of these circumstances. On the one hand, the EU 15 states are all members of the OECD DAC<sup>10</sup> and have higher diligence for ODA quantity commitments; on the other, the EU 12 states lobbied for lower ODA quantity commitments and following the Czech Republic's proposal they do not have to meet them but only strive to achieve them. Only 6 countries out of the EU 12 are members of the OECD and none is a member of the OECD DAC (see Table 4). All **V4 countries are observers to the OECD DAC** and all have expressed their intention to become full members. The Czech Republic, Poland and Slovakia have already gone through a special review necessary for joining the DAC.

**Table 4: Membership in OECD and status in the DAC**

Country	Entrance to the OECD	Status in the DAC	DAC special review
Czech Republic	21 <sup>st</sup> December 1995	Observer	2007
Slovak Republic	14 <sup>th</sup> December 2000	Observer	2010
Hungary	7 <sup>th</sup> May 1996	Observer	-
Poland	22 <sup>nd</sup> November 1996	Observer	2010
Slovenia	21 <sup>st</sup> July 2010	-	-
Estonia	9 <sup>th</sup> December 2010	-	-

Source: OECD (2011)

OECD DAC members have to follow the Creditor Reporting System (CRS) to report and actively publish their ODA statistics and thus enhance their aid transparency. However, CRS requires an additional capacity of the institutions in charge of reporting (Ministries of Foreign Affairs, development agencies). The Czech Republic is the only country from the EU 12 which reports more than just an abbreviated reporting form for Non-DAC donors. In this respect it is regretful to see that it was the Czech Republic which strongly advocated for an exception for the EU 12 to only strive to increase their aid transparency during the negotiations of the Council Conclusions from December 2010. Although not being members of the DAC, the **Visegrad countries need to build their capacities to be able to report according to the CRS** which would lead to greater transparency of their development assistance.

### Intersections between V4 Presidency and EU Presidency

The EU Presidency is a unique opportunity for the EU 12 but also for the EU 15 member states, to prove ability for leadership and management and set forward the issues important for the presiding country and the Presidency Trio<sup>11</sup>. However, this leads to a certain self-promotion since every presiding country wants to be remembered for its accomplishments and the effects on future policies. Best practices from the past have shown that this is not possible without significant support of the Presidency Trio or like-minded countries (e.g. advocacy for the Eastern Partnership).

Similarly to the rotating EU Presidencies, the V4 countries also hold presidencies within the Visegrad Group. The V4 presidency also sets objectives and priority issues members want to achieve and pursue in internal and foreign policies. The V4 programme often reflects the priorities of the EU Presiden-

<sup>10</sup> OECD DAC is the Development Assistance Committee of the Organisation for Economic Cooperation and Development which consist of the world's biggest donors.

<sup>11</sup> Presidency Trio consists of three successive Council presidencies, which cooperate during 18-month period to ensure continuity by joint political programme.

cies while ensuring continuity within the V4 presidencies. Recent V4 presidencies have shown increasing interest in development cooperation. This indeed is a good starting point for future cooperation as well as for determining the common ground and comparative advantage of the V4 countries.

Visegrad and EU Presidencies should indeed be more open for finding joint priorities and transform these into joint initiatives. The EU Presidency of Czech Republic has shown that it is possible, thus enabling a more profound impact of the V4 on the EU development policy. In the first half of 2009, the Czech Republic held its first EU presidency with three main priorities in the area of development cooperation: a) sustainable energy resources at the local level; b) Eastern dimension of the EU development policy; and c) democratic governance (MFA 2010). At the same time, during the Visegrad Presidency Poland reflected a similar priority referring to the Eastern dimension: "supporting democratic transformations in European Neighbourhood Policy priority countries like Belarus, Ukraine, Moldova and countries of the South Caucasus"(Visegrad Group 2008). Joint efforts of the Czech EU Presidency and the Polish Visegrad Presidency resulted in establishment of the so called Eastern Partnership initiative which is focused on six countries in the Eastern neighbourhood and South Caucasus<sup>12</sup>. The Eastern Partnership has also been reflected in the Hungarian EU Presidency priorities and in the joint programme of trio Presidencies of Spain, Belgium and Hungary (Council 2009). Relations with Balkan states have also overlapped the priorities between the two presidencies and have been reflected in the Slovak Visegrad Presidency and the Hungarian EU Presidency.

**Table 5: List of the EU Presidencies held by a country from the V4 Group and V4 Presidency**

The EU Presidency	Visegrad Presidency
CZ January - June/2009	PL July/2008 - June/2009
HU January - June/2011	SK July/2010 - June/2011
PL July - December/2011	CZ July/2011 - June/2012
SK July - December/2016	PL July/2016 - June/2017

Source: <http://www.visegradgroup.eu/> and Council Decision (2007/5/EC, Euratom) <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:001:0011:0012:EN:PDF>

During 2011, two EU presidencies are being held by V4 countries (see Table 5). Poland will hold the EU Presidency in the second half of 2011 and at the same time the Czech Republic will begin the Visegrad Presidency. The countries should **closely cooperate to embrace the joint priorities in the EU e.g. in the area of democratic governance.**

### Added value of the Visegrad Group – transition experience

In determining the position of the Visegrad countries (and the EU 12 respectively) within the EU development cooperation, one can lean on the most significant comparative advantage shared jointly, which is the transition experience. All four countries went through a similar political, social and economic development after 1989<sup>13</sup> and therefore possess a fresh institutional memory.

<sup>12</sup> The countries supported within the Eastern Partnership are Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

<sup>13</sup> This was also recognised in the Article 33 of the European Consensus on Development (European Union 2006/b) "the EU will capitalise on new Member States' experience (such as transition management) and help strengthen the role of these countries as new donors".

The European Commission has already made the first step to materialise the transition expertise of 10 countries of the EU 12 (with the exclusion of Cyprus and Malta) and elaborated on the document called the **European Transition Compendium**<sup>14</sup> (ETC). It comprises successful examples, best practices, reforms, useful references and contact details. One of the ETC objectives was to increase the ownership of EU development policy by the EU 12 member states. However, the striking fact is that there will be no funds available for implementing the ETC under the current financial framework till 2013. During the last Informal meeting of development ministers under the Hungarian Presidency, a group of 8 countries from the EU 12 presented their point of view on how to use their transition experience in EU development cooperation. The Non-Paper Harnessing EU transition experience in EU development cooperation – from policy to implementation presents few possibilities how to do it (e.g. to create a thematic programme under Development Cooperation Instrument dedicated to transition cooperation). Such a step would require a consensus among the EU 27, which under the current financial circumstances does not seem feasible. Anyway, in this respect the V4 should jointly reflect key proposals for harnessing EU transition experience in the next financial framework and **show best practise by implementing joint interventions using their transition experience in shared priority countries.**

## Conclusion

The development programmes of the Visegrad countries embody similar features. Many of their projects have been based on the **transfer of experience from political, social or economic transition.** This could **provide common ground for possible joint activities in the field of development assistance.** Such cooperation would contribute to the coordination and harmonisation of EU donors. A recent Visegrad meeting has shown that this is more than feasible. For implementing joint actions, a coordinating body should be established whether the V4 countries decide to devote new funds or not. This can be done either by a) establishing a brand new institution; b) transferring the agenda to an existing institution; or c) using some of the institutions in charge of development assistance in the Visegrad countries. Although all three options are feasible, transferring the agenda to an existing institution is supported by the fact that such an institution already exists – **the Visegrad Fund.**

There are also different modalities for cooperation as such. The first one is **pool funding** which requires new extra financial contributions of each V4 country. The fund will finance joint projects in pre-selected priority countries, e.g. dedicated to the transfer of transition experience. The fund will be open to all development actors from the V4 countries and their partner organisations in the respective countries. The features of such an instrument could stem from the experience in the International Visegrad Fund, which, since 2000, has been supporting the cooperation of the V4 countries in cultural, scientific, educational, youth and other exchanges.<sup>15</sup>

The second possible modality is **joint projects.** The cooperation among development CSOs shows a good example to V4 governments that joint activities are accomplishable. The inter-governmental jointly formulated and identified projects will require joint co-financing. A project will later be coordinated by all V4 countries and their development agencies (or Ministries of Foreign Affairs) will administer its implementation and monitoring according to their national procedures. The project parts create a coherent unit and can be implemented by 4 different organisations from each V4 country.

<sup>14</sup> More information can be found at: [http://ec.europa.eu/europeaid/who/partners/eu-12-member-states/index\\_en.htm](http://ec.europa.eu/europeaid/who/partners/eu-12-member-states/index_en.htm)

<sup>15</sup> More information can be found at: <http://visegradfund.org/about/>

Joint evaluations will follow after the completion of a project. Such cooperation will require more co-ordination among the V4 development agencies and extra capacities mainly in the respective project countries. The current discussions at the level of the V4 ministries show that there has been a growing political will to implement joint interventions. A pilot project is planned to be implemented in Moldova in the social sector. This fact proves the willingness of the Visegrad Group to combine their ODA funds and increase the effectiveness of their development policies and contribute to donor coordination and harmonisation.

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