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Home: [OECD](#) > [Greece \(2002\), Development Co-operation Review: Main Findings and Recommendations](#)

## Greece (2002), Development Co- operation Review: Main Findings and Recommendations



See also [Greece's Aid-at-a-Glance](#)

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### 1. The context for Greece's development co-operation

As a result of its geographic location, Greece's own security and welfare is closely linked to stability and economic prosperity in developing and transition countries in the Balkans, the Black Sea area and the eastern Mediterranean. As a developed and stable country in these complicated multicultural regions, Greece responds to development challenges in its neighbourhood. Greece also perceives it has a significant comparative advantage here, due to shared history and cultural interaction, a high degree of mutual understanding, good political and trade linkages and its own recent development experience.

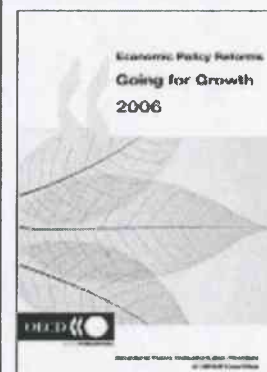
Encouraging democratic practices and sustainable economic development in surrounding regions is consequently in Greece's national interest and the main strategic orientation of the official Greek aid programme. Greece provides targeted support to regional initiatives consistent with this orientation, such as the Stability Pact for South-Eastern Europe (a Greek official currently chairs Working Table I on Democratisation and Human Rights). More than four-fifths of Greece's bilateral official development assistance (ODA) is provided to developing countries in south-eastern Europe.

Greece was a substantial recipient of ODA until the 1980s. Following its accession to the European Community in 1981, Greece's multilateral assistance grew in the form of its

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## Major publication just released:

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pro rata share of the community's budget for development programmes implemented by the European Commission. Greece is a committed multilateralist and a member of numerous multilateral institutions. In August 1996, and with Membership of the OECD's Development Assistance Committee (DAC) in view, the Greek government decided to launch a five-year programme to develop a substantive bilateral aid programme, committing USD 400 million for this purpose over the period 1997 to 2001. This decision is notable as it coincided with the period during which Greece was pursuing tight macro-economic policies in order to meet the conditions for joining the Euro zone.

## **2. Greece joins the Development Assistance Committee**

The DAC welcomed Greece as its 23rd Member in December 1999. This event foreshadowed more substantial participation by Greece in co-ordinated international efforts aimed at reducing global poverty and achieving the millennium development goals. Since 1996, Greece's net bilateral ODA disbursements have quadrupled, from USD 27 million to USD 99 million. In 2000, Greece's total net ODA disbursements were USD 226 million, or 0.20% of its gross national income (GNI), almost reaching the DAC average of 0.22% (but below the DAC average country effort of 0.39%).

This first review by the DAC of Greece's development co-operation policies and programmes is timely because it coincides with a change in ministry responsibilities for development co-operation announced on 23 October 2001 and takes place as a new five-year programme for 2002 to 2006 is being prepared.

## **3. Achievements during Greece's first five-year programme: 1997 to 2001**

Greece has clearly made a good start in building up its aid programme, guided by the government's Medium-Term Five-Year Programme of Development Co-operation. Achievements include:

- a) Passing Law 2731 of 5 July 1999 which provided the necessary legal basis and expanded to 13 the number of ministries/agencies able to implement development co-operation activities.
- b) Mobilising several committees to manage specific aspects of the bilateral aid programme:

- Assigning responsibility for planning and overall strategy to the Interministerial Committee for the Co-ordination of International Economic Relations, an existing cabinet-level committee responsible for Greece's external economic and trade relations.
- Creating the Monitoring and Administrative Committee of the Development Co-operation Programme of Greece, with representatives at official level from each implementing ministry/agency and responsibilities mainly related to managing disbursement of the bilateral aid budget.
- Establishing the National Advisory Committee on Non-Governmental Organisations (NGOs), to formulate and recommend policies related to development NGOs and address implementation issues of a systemic nature.

c) Setting up a directorate within the Ministry of National Economy to co-ordinate the Greek bilateral aid programme and provide the secretariat for the Interministerial Committee and the Monitoring and Administrative Committee.

d) Establishing a general directorate within the Ministry of Foreign Affairs (known as "Hellenic Aid") responsible for co-ordinating, supervising and promoting development projects, humanitarian assistance and development education activities implemented by Greek NGOs.

e) Publishing annual reports to Parliament on Greece's development co-operation, a guide to the Greek aid programme for the general public and a handbook for Greek NGOs and other civil society institutions seeking official cofinancing for development activities.

f) Bringing into the aid programme an impressive number of Greek ministries, universities, consultants, businesses and NGOs with substantial interest and experience in working in the Balkans, the Black Sea area and the eastern Mediterranean.

g) Putting in place an NGO cofinancing scheme consistent with international good practices and registering more than 150 Greek NGOs that then become eligible for receiving cofinancing from Hellenic Aid.

h) Developing the Hellenic Plan for the Economic Reconstruction of the Balkans [(provisional budget: EUR 550 million (approximately USD 507 million)] and a Strategic Plan for Hellenic Aid, both of which are intended to be integral parts of the new

five-year programme.

A field visit to Albania to prepare for this review found that Greece has played a special role in supporting Albania's development. In particular, Greece offered a GRD 20 billion (approximately USD 73 million) support package in 1997, to help Albania through the difficult period provoked by the collapse of "pyramid" investment schemes.

These achievements provide a solid basis for developing and expanding Greece's development co-operation further. A strong feature of Greece's bilateral aid has been the range of skilled and committed actors proactively engaged in a variety of activities in surrounding regions. These activities demonstrate the profound interest that Greeks have in fostering development in their neighbourhood. They contribute to establishing the pre-conditions for greater stability by building local capacity, promoting the emergence of civil society institutions and supporting networks across borders that foster inter-regional co-operation and integration. Nevertheless, funding for these activities has been small and for limited duration. There is significant room for Greece to build on and expand these longer-term development activities because many have been "crowded out" in recent years due to emergencies in the Balkans.

Dramatic events since 1997 in Albania, Bosnia, Kosovo and the Former Yugoslav Republic of Macedonia (FYROM) have resulted in a substantial increase in Greece's emergency relief and humanitarian assistance for the Balkans, implemented mostly by the Ministry of National Defence. Since 1998, more than USD 100 million from Greece's bilateral aid budget has been used to fund development activities by the Hellenic Armed Forces within multinational forces in Albania, Bosnia and Kosovo. This situation is explained by the urgent needs in Greece's region and the ready availability of professionally trained and equipped units within the Greek army to carry out necessary operations. Nonetheless, the involvement of a national army to such an extent in a development co-operation programme is unprecedented in the DAC. Now that these emergencies have receded, Greece should establish a clear priority for longer-term development activities targeting basic sources of poverty and implemented in accordance with international good practices for development co-operation.

Greece set itself the objective during its first five-year programme of increasing its bilateral aid substantially so that its total bilateral and multilateral aid to both developing and transition countries would reach 0.20% of GNI by 2001. While the total aid/GNI objective was reached one year early, this was only possible

because of crises in the Balkans and the response by the Hellenic Armed Forces. It remains to be established that Greece's other implementing ministries/agencies have the capacity to absorb additional bilateral assistance of around USD 50 million per year and transform it into effective longer-term development activities. Doing so will require active planning for a rapid and major scaling up of some development activities, backed up by steps to ensure aid quality and effectiveness is maintained.

#### **4. Taking Greece's development co-operation forward**

##### **Broad goals and operationalising principles**

A variety of overlapping goals, principles and objectives have underpinned Greece's development co-operation. In the context of the current changes to consolidate Greece's aid system, there would be value in Greece preparing an overall statement of the broad goals of its development co-operation and elaborating a set of subsidiary objectives that complement each other and collectively contribute towards achieving its development goals. As evidenced in Greece's neighbouring countries, peace and security are vital for poverty reduction. In turn, the poverty reduction dimension in building peace and stability could be given more prominence because peace and security in neighbouring countries cannot be accomplished as long as some people are living in extreme poverty and are excluded from the political and economic mainstream. Greece should also adapt the policies and principles of the international development community to its own context and operationalise them in its own policy framework, management principles and daily operations. To support decision-making and budget allocations, an assessment framework could be developed that assists Greece determine the extent to which individual activities contribute towards achieving its broad goals.

##### **Aid volume**

Greece's objective during its second five-year programme is to maintain a total aid/GNI ratio of 0.20%. With its dynamic economy, this implies steady increases in the volume of Greek development assistance. Greece should consider setting a new ODA/GNI target and continue raising progressively its ODA/GNI ratio, in the context of discussions in the European Union and at international fora.

##### **Poverty reduction, gender and the environment**

The Ministries of Agriculture, of the Environment, Physical Planning and Public Works and of National Economy have prepared a manual setting out Greece's approach to poverty reduction, gender equality and the environment. The challenge now is to operationalise this policy throughout all parts of the Greek aid system. Given the priority areas for the Hellenic Plan for the Economic Reconstruction of the Balkans - i.e. social infrastructure, economic infrastructure and productive sectors - Greece will need to carry out environmental impact assessments to identify and minimise potential environmental damage from activities funded. Care also needs to be taken to ensure that these activities are fully integrated with other parts of the Greek aid programme and that development co-operation objectives and practices - such as maximising poverty reduction impact and mainstreaming gender concerns - guide activities supported.

### **Organisational issues**

Greece's international economic relations functions are being transferred from the Ministry of National Economy to the Ministry of Foreign Affairs. This process presents Greece with the opportunity to ensure its organisational structure enables it to achieve efficiently and effectively the broad goals and objectives of its aid programme, and to differentiate more clearly activities focussed on achieving development impacts from other actions that promote Greek business abroad. A pertinent issue is whether international trade relations and development co-operation should remain within the same organisational structure. Greece should consider forming a strong central organisational structure for development co-operation with broad responsibilities across its bilateral and multilateral aid for development policy, planning, programming and evaluation. Establishing integrated country desks in Athens, to take responsibility for the full range of Greece's diplomatic, economic and development relations with main partner countries, is another reform Greece should explore. Decisions on new organisational structures should seek to maintain and enhance the competencies developed within both ministries during the first five-year programme. Nonetheless, the potential difficulties associated with merging staff from different organisational cultures with different employment experiences and expectations should not be underestimated. From a human resources perspective, particular efforts may need to be made to prepare the ground for these changes. Holding some seminars would allow different options and perspectives to be aired and discussed, as well as bring the experience of other donors into deliberations. A law will be required to set out the new administrative arrangements. This law needs

to be prepared and promulgated rapidly.

### **Staffing and field representation**

It is important for donors to ensure they have staff with a good understanding and expertise in development co-operation principles and practices, both at headquarters and in the field, and that their aid systems are compatible with the building up of institutional memory and operational expertise. Greece should take the opportunity of the current transfer of its international economic relations functions to build up a core of development co-operation staff who can play a leading role in managing and implementing its aid programme, including during postings to main partner countries. To date, no specialist development co-operation staff has been stationed in main partner countries. Commercial counsellors/attachés at Greek embassies have thus acted part-time as the main field representatives for the official Greek aid programme. Although this system has provided important local liaison and co-ordination services, it raises concerns about competing and possibly conflicting objectives because these staff's principal role and priority activity is promoting bilateral economic and commercial ties and assisting Greek businesses and investors. Good practice among DAC Members is to strengthen and deepen their field presence so as to be better able to manage pro-actively the challenges and needs of poverty reduction partnerships and promote co-ordination and complementarities within their own aid programme. This is a full-time job. Greece should consequently assign development co-operation staff to embassies in main partner countries and delegate greater decision-making authority to staff in the field.

### **Country programming**

During the first five-year programme, each of Greece's 13 implementing ministries/agencies received an annual budget allocation which they then managed semi-autonomously, including by negotiating bilateral agreements with each of their main partner countries. This contributed to an aid programme with a diverse range of small and short-term activities. To improve efficiency, Greece intends, during its second five-year programme, to reduce significantly the number of implementing ministries/agencies. This will go some way towards addressing the issue of an overly dispersed aid programme without resolving the underlying cause. Strengthening Greece's country strategy process, through a more integrated and programmatic approach, would enable Greece to make annual budget allocations for main partner countries and in key sectoral areas and then determine which implementing ministries/agencies were best

placed to contribute towards achieving objectives set. This may lead to a smaller number of ministries/agencies contributing to individual country or sectoral programmes without necessarily reducing the number of ministries/agencies potentially contributing to the Greek aid programme. Greece's intention for its second five-year programme is to conclude a single "Partnership Framework Agreement" with each partner country to cover all future aid activities. These agreements should be backed up by annual high-level meetings dedicated to development co-operation matters. To ensure these agreements are workable and "owned" within Greece itself, it will be important that implementing ministries/agencies are implicated in the negotiation of agreements and in annual aid consultations.

### **Support for social services**

Greece's support for basic social services (basic education, basic health, water and sanitation and population programmes) is low by DAC standards. At the same time, more than 800 people from developing and transition countries are currently receiving scholarships to pursue post-graduate studies or specialist medical training in Greece. In order to award tertiary scholarships on a strategic basis geared to building human capacity in key areas for longer-term and sustainable development, it would be timely for Greece to review its support for tertiary scholarships to ensure that this major component of its bilateral programme is an efficient and cost-effective way of sustainably building capacity in partner countries and that it contributes substantially to achieving the broad goals of Greece's development co-operation. To pursue its objective of implementing more projects targeting poverty reduction during its second five-year programme, Greece could make a more explicit link to increasing its support for basic social services.

### **Streamlining procedures**

There are opportunities to rationalise a number of parallel procedures within the Greek aid system. For example, each implementing ministry/agency has its own procedure for determining activities to support. Greece could adopt a single project selection procedure, perhaps based on the system developed by the Ministry of National Economy, to be applied across its aid system. Several Greek ministries implement a tertiary scholarship scheme. Greece could introduce a common policy framework, selection procedures and award conditions, and rationalise the number of schemes.

### **Multilateral assistance**



With the emergence of comprehensive partner country-led strategies for poverty reduction, bilateral and multilateral assistance are becoming more intertwined and complementary. This is resulting in many donors increasing linkages within their aid systems to ensure that objectives pursued through bilateral and multilateral channels are mutually reinforcing and that information and experience gained are shared and discussed. Responsibility for Greece's relations with multilateral organisations is spread across various directorates in different ministries. Greece's multilateral assistance is, to a large extent, managed independently of its bilateral activities. Greece could bring its bilateral and multilateral channels closer together and pursue a more strategic and integrated approach to multilateral assistance. Greece could consider establishing an annual budget for multilateral assistance and elaborating an assessment framework for determining the allocation of funds to multilateral organisations.

#### **Monitoring, evaluation and sharing lessons learnt**

Greece has put in place a system for reporting aggregate statistics on official aid flows to the DAC. Reporting on individual aid activities to the DAC's Creditor Reporting System (CRS) should also be a priority because it will improve transparency and information flow throughout all parts of the Greek aid system. The Ministry of National Economy has engaged a consultant to develop a common methodology for managing, monitoring and evaluating projects. Putting monitoring and evaluation systems in place rapidly will be important for increasing the efficiency and effectiveness of the Greek aid programme, and for creating the basic infrastructure to enable learning from successes and failures. An effort needs to be made to develop a culture within the Greek aid system focussed on results as the development impact of activities, not the disbursement of budgeted funds. Greater emphasis can also be given to sharing and discussing lessons learnt, for instance through transparency mechanisms (e.g. websites) that enable implementing ministries/agencies, NGOs and contractors to be better informed about other activities in their sector or within the same partner country.

#### **Enhancing policy coherence**

Poverty is a source of dysfunction and disorder in Greece's neighbourhood and Greece is adversely affected by the resulting political instability and the consequent illegal migration and environmental degradation. A commitment by the highest political authorities to ensuring that public policies which impact on economic prospects and poverty reduction

in developing countries are coherent is highly appropriate in the Greek context. Greece has structures in place that could be adapted to support a more systematic approach to addressing policy coherence issues, once a high-level commitment to improving policy coherence has been communicated throughout government. The Parliament's Standing Committee on Defence and Foreign Affairs could vet legislation. The Interministerial Committee and the Monitoring and Administrative Committee provide fora, at the political and official levels, for exchanges, consultations and decision making, if their mandates were extended to include co-ordination for policy coherence and the membership of the Interministerial Committee were expanded to include all key ministries for development co-operation.

#### **Development impact and public awareness**

Although apparently high, public support for development assistance mainly focuses on actions in response to emergency situations, natural disasters and conflicts, rather than longer-term development activities. To increase public support, and justify expanding funding, greater efforts should be made to inform Parliamentarians and the public of results achieved and the development impact of activities funded by the Greek aid programme. There is some confusion in Greece about the role and activities of the "DAC". Many NGOs and contractors receiving funding from the official Greek aid programme refer to it as the "DAC programme". To promote a broader sense of ownership of Greece's aid programme, efforts should be made to inform organisations receiving funding and the public that activities are funded by Greek taxpayers and designed to pursue the broad goals set by the Greek Parliament for Greece's development co-operation programme.

### **5. Recommendations**

The preparation of a new five-year programme for development co-operation provides Greece with the opportunity to build on achievements to date and raise its ambitions for the next phase of expansion. In this context, the DAC recommends that Greece:

- Set out an overall statement of the broad goals of its development co-operation, as part of the outcome of the current consolidation process, and develop an assessment framework to support decision-making and budget allocations across the aid system.
- Build on and expand progressively longer-term development activities, as emergencies in neighbouring countries

recede, and continue raising its ODA/GNI ratio.

- Work to operationalise, in priority regions for Greece, the new policy on poverty reduction, gender equality and the environment and carry out environmental impact assessments for activities funded through the Hellenic Plan for the Economic Reconstruction of the Balkans.
- Take the opportunity of the current transfer of functions to ensure organisational structures promote efficient and effective achievement of development co-operation goals and objectives.
- Build up a core of development co-operation staff to manage and implement the aid programme, including during postings to main partner countries.
- Adopt a more integrated and programmatic approach to country programming and budgeting, backed up by annual high-level consultations dedicated to development co-operation matters.
- Conduct a review of tertiary scholarship schemes and increase support for basic social services.
- Investigate opportunities for streamlining procedures, for example in relation to project selection and tertiary scholarship schemes.
- Pursue a more strategic and integrated approach to multilateral assistance and work to bring bilateral and multilateral channels closer together.
- Commence reporting to the DAC's Creditor Reporting System.
- Complete the establishment of monitoring and evaluation systems.
- Make a high-level commitment to policy coherence for poverty reduction as a government-wide objective and adapt existing structures to foster more systematic addressing of policy coherence issues.
- Increase efforts to inform Parliamentarians and the public of results achieved and the development impact of activities funded by the official Greek aid programme.

This review is available in **The DAC Journal, 2002, Vol. 3, No. 2.**

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Also available:

[Grèce \(2002\). Examen en matière de coopération pour le développement : principales conclusions et recommandations du](#)

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