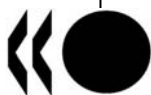


DEVELOPMENT CO-OPERATION DIRECTORATE**SPECIAL REVIEW OF POLAND**

The Special Review of the aid programme of Poland was requested by the Polish Ministry of Foreign Affairs, and was undertaken with the agreement of the DAC. Two DAC Members, Belgium and Canada served as Examiners for the review which took place from January to April 2010. Turkey also participated in the capacity of examiner.

This report is being submitted to the DAC for information. The Polish government will launch the report in Warsaw on 17th May 2010. As part of the launch the Polish government will host an event in Warsaw with the purpose of discussing among stakeholders how best to respond to the recommendations in the report when reforming the Polish aid structure. The Polish authorities have invited the DAC Chair, the three Examiners and DAC Secretariat staff to participate in this event. The contributions of the Examiners are gratefully acknowledged.

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JT03283322

ACRONYMS

AAA	Accra Agenda for Action
CERF	Central Emergency Response Fund
CIDA	Canadian International Development Agency
COHAFA	EU Council working party for discussions on humanitarian issues and food aid
CRS	Creditor Reporting System of the DAC
DAC	Development Assistance Committee
DAC CRS	DAC Creditor Reporting System
DCD	Development Co-operation Directorate of OECD
DCDMFA	Development Co-operation Department of the Ministry of Foreign Affairs
EDF	European Development Fund
EP	Eastern Partnership
EU	European Union
FAO	Food and Agriculture Organisation
GDP	Gross Domestic Product
GENE	Global Education Network Europe
GHD	Good Humanitarian Donorship
GNI	Gross National Income
ICRC	International Committee of the Red Cross
IDA	International Development Association
IMF	International Monetary Fund
LDCs	Least Developed Countries
LMICs	Lower Middle Income Countries
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs
MIA	Ministry of Interior and Administration

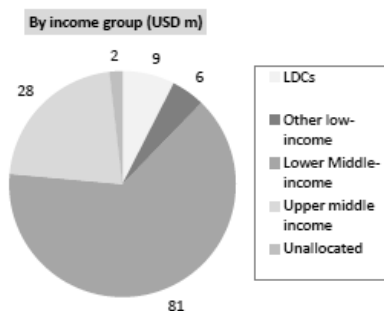
MNE	Ministry of National Education
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PD	Paris Declaration on Aid Effectiveness
PCD	Policy Coherence for Development
PLN	Polish National Currency - Zloty
UKIE	The Office of the Committee for European Integration
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
USAR	Urban Search and Rescue
USD	US Dollar
WHO	World Health Organisation
WFP	World Food Programme
WTO	World Trade Organisation

Poland's Aid at a Glance

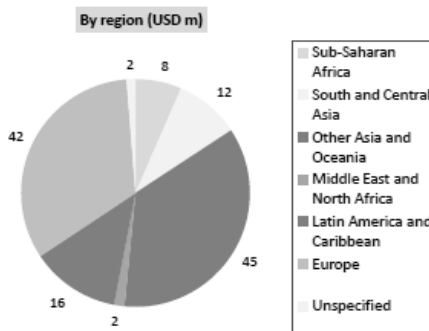
POLAND

NET ODA	2007	2008	Change 2007/2008
Current (USD m)	363	372	2.6%
Constant (USD m)	363	318	-12.3%
In Zlotys (million)	1003	910	-9.3%
ODA/GNI	0.10%	0.08%	
Bilateral share	43%	23%	

Gross bilateral ODA, 2007-2008 average, unless otherwise shown



Top Ten Recipients of Gross ODA (USD million)	
1 China	44
2 Belarus	17
3 Nicaragua	15
4 Ukraine	13
5 Montenegro	8
6 Angola	4
7 Uzbekistan	3
8 Georgia	2
9 Moldova	2
10 Afghanistan	2



Poland's Official Development Assistance (ODA) 2008: Bilateral and Multilateral Shares

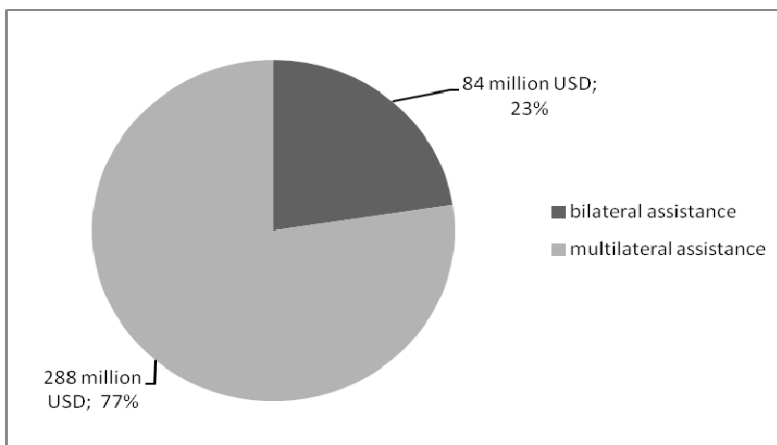


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EXECUTIVE SUMMARY

Introduction

At the request of the Polish Ministry of Foreign Affairs (MFA), the OECD Development Assistance Committee (DAC) conducted a Special Review of Poland's international development co-operation from January to May 2010. The Review's main objective is to contribute good practice and lessons learned to the Polish authorities' internal dialogue on the reform of their foreign assistance at a time of important legal and institutional changes. The DAC welcomes the Special Review as an opportunity to learn from the unique perspectives and expertise of providers of development co-operation that are not members of the Committee.

Poland's Development Co-operation Today

Poland has an important and welcome contribution to make to international development co-operation, particularly the development of its neighbours in Eastern Europe where it has a comparative advantage. Poland is a signatory to the UN Millennium Declaration and endorses the Paris Declaration (PD) on Aid Effectiveness and the Accra Agenda for Action (AAA). It strives to provide development aid in accordance with these commitments. In addition, after joining the EU, Poland adopted the European Consensus on Development. Poland is also taking part in DAC activities associated with PD and AAA.

Since joining the EU in 2004 Poland has rapidly increased its Official Development Assistance (ODA). In 2008 Polish net ODA amounted to USD 372 million, representing an ODA GNI ratio of 0.08%. Poland's development co-operation is guided by a strategy that was approved by the Council of Ministers in 2003.

The main focal point for development co-operation strategy and policy leadership within the national system is the Development Co-operation Department of the Ministry of Foreign Affairs (DCDMFA). DCDMFA manages only 15% of Poland's ODA. The delivery of Polish aid is very much a team effort involving other departments of MFA, the Ministry of Finance (EU and multilateral channels), the Ministry of Science and Higher Education (scholarships), the Ministry of Defence (Afghanistan), Ministry of the Interior and Administration (aid to refugees) and a range of other ministries, government agencies and NGOs. MFA is therefore both the policy maker for development co-operation and also the co-ordinator of a host of actors and agencies that are not always under its direct control but which are responsible for delivering Poland's aid.

Poland provides most of its aid (77% of the total) through multilateral channels, notably its assessed contribution to the EU's development co-operation budget, and focuses its bilateral ODA (23%) mainly on a small number of countries – the top ten recipients regularly receive more than 90% of total bilateral ODA. It should be noted, however, that Poland's ODA business model is generating small-scale support for a large number of countries (33, but more than 100 if scholarships are included). It should be noted also that Poland's bilateral ODA focuses on middle income countries and in sectors (governance, democracy and transition) where it has a comparative advantage but which do not necessarily address poverty or the Millennium Development Goals (MDGs) directly. In fact, this comparative advantage is a key rationale for the bilateral programme's existence.

It is commendable that Poland plans legislation to strengthen the legal basis for development co-operation and a draft law is being prepared for approval by Parliament. The law, as currently drafted, will create an agency for development co-operation implementation from the existing institutional structures. A further key aim of the new law is to obviate the need for a special budget reserve for ODA with its apparent restrictions on multi-year financing.

The government intends to maximise the opportunity presented by the recent merger of the Office of the Committee for European Integration (UKIE) with MFA which more than doubles the Ministry's capacity for development co-operation and has put in place a new DCDMFA structure in anticipation of the creation of the agency envisaged in the new legislation.

MFA appreciates that as Poland scales-up its ODA in the future it will need to professionalise its staff further and attract and retain quality professionals dedicated on a full-time basis to development co-operation. These development professionals will require strong policy guidance that focuses them on the development mission, together with organisational structures that are conducive to high quality aid management and suitable opportunities for capacity development. Currently, MFA regards project monitoring as one aspect of capacity building of its Warsaw-based staff. This is not an adequate approach to monitoring or staff development and MFA would like to develop alternative approaches to both.

A recent peer review of Global Education in Poland carried out by the Global Education Network Europe (GENE) recognises the progress that has been made in this area. Poland intends to implement the recommendations of the GENE report, particularly the establishment of a National Committee for Global Education under the auspices of MFA with MNE's support and that of other relevant ministries and agencies.

Poland's development co-operation capacity benefits from a dynamic and well-informed NGO sector that is fully engaged on development issues. MFA intends to continue and improve the policy dialogue with civil society and to breathe new life into the NGO Council.

What Changes in Development Co-operation Should Poland Work Towards?

As a new member of the European Union, Poland has committed to reach an ODA/GNI ratio of 0.17% by 2010 and of 0.33% by 2015. However, there are signs that growth in ODA is slowing, particularly in relation to the overall economic growth of Poland itself, and the government already concedes that the aid volume target for 2010 will not be met. Poland's commitment within the EU deliberations to reach an ODA/GNI ratio of 0.33% by 2015 is looking increasingly problematic. Poland is encouraged to:

- first, within the EU deliberations, set new realistic interim targets and put in place a credible pathway for achieving these and the 0.33% target by 2015; and,
- second, ensure that the new targets and growth path have the commitment of political leaders (across all parties) and are publicized widely.

While the 2003 development co-operation strategy has served Poland well, the country's context and the context for development co-operation has changed significantly in the last few years. Poland's development co-operation would be strengthened by an up-to-date and overarching policy that fully reflects key international commitments, such as the Millennium Development Goals (MDGs), the PD and the AAA and that provides guidance in key areas of operations.

Poland should proceed with the planned legislation to strengthen the legal basis for development co-operation. Poland would most benefit from legislation that clearly sets out the country's commitment to development co-operation, the overall objectives of its ODA and how implementation and accountability are to be managed.

Poland might consider the advantages and disadvantages of the implementing agency model of aid management before making a final decision on this issue. It may be helpful for MFA to look at the various

experiences of some DAC members and to review the DAC's analysis of aid management structures. The model of a policy ministry with separate implementing agency is one adopted by almost half the DAC members to varying degrees, but most have chosen to integrate these functions either within the Ministry of Foreign Affairs (for example, Finland, Ireland and the Netherlands) or in a separate Ministry for Development Co-operation (for example, the United Kingdom's Department for International Development) or a separate Agency for Development (for example, the Canadian International Development Agency which reports to Canada's Parliament through the Minister for International Co-operation).

The new development co-operation legislation should clarify MFA's role and the relationships with other ministries in development co-operation. In the future and in the context of the new legislative framework, MFA should move away from annual calls for proposals towards MoUs and contract based relationships with other ministries and this should bring an end to competition within government for ODA resources. The current business model has some strengths and calls for proposals may be the right instrument for certain issues and contexts. But MFA should look at alternative options when dealing with other ministries and why these might be more effective.

Poland would like to become more effective in its selection and use of the various aid channels and allocations at its disposal. Given the substantial proportion of Polish aid that goes to the EU, a more strategic engagement in this body is required, one that focuses on improving Poland's partnership with the EU in development and also making the EU better at delivering aid. Poland's approach to the EU could be elaborated in a way that might, for example: (i) assess the contribution that the EU can make to Poland's development objectives; (ii) set out what Poland can do to make its partnership with the EU in development better; (iii) discuss wider policies for development and what the EU can do to support these; (iv) look at how EU development assistance can be improved; and (v) consider how EU political leverage might be used for development.

MFA is looking at ways to rationalise the allocation of multilateral and bilateral aid resources and to increase the concentration of ODA on its priority countries. This would be achieved in part by moving away from time-consuming annual calls for proposals, project aid and other small scale aid relationships to broader, aligned and harmonised, multi-year programmatic assistance in priority countries, reducing transaction costs in the process. Poland should continue to use its comparative advantage and work in Eastern Europe but with more focus on poverty. While only 4% of Poland's aid is channelled to multilateral agencies other than the EU, some thought needs to be given to the kind of development objectives Poland is seeking to achieve through these.

While there is no doubting Poland's commitment to aid effectiveness, the country faces challenges in putting these principles into practice – most notably, DCDMFA considers that the current Public Finance Law prevents it from entering into multi-year agreements with its partners and using partner country systems to deliver Polish aid. It appears, however, that recent amendments to the Public Finance Law may now make it possible for Poland to enter into multi-year agreements with its partner countries. Poland should look at the examples of Belgium, Canada and Luxembourg for case studies of how many DAC members have reconciled the long term nature of development co-operation, which calls for multi-year planning, with the established national practice of approving aid appropriations year by year. Legislation permitting, Poland intends to work towards a consistent application of the principles of ownership and alignment and the use of the partner countries' systems, particularly the recipients' national public and funding systems and also to improve the predictability of its aid over multi-year periods.

If DCDMFA is able to overcome the constraints perceived in the Public Finance Law and move to multi-year financing this would make it possible for Poland to implement its bilateral development co-operation through other, more aid effective, modalities, such as programme based approaches, sector

wide approaches, sector budget support and even general budget support. The adoption of these modalities would lessen the need for annual calls for proposals and greatly reduce DCDMFA's transaction costs.

Poland has moved ahead with common arrangements with other EU donors to some extent in Georgia and Ukraine. Poland should seize other opportunities to engage in donor co-ordination and harmonisation in its partner countries.

MFA and its partner ministries have worked hard and with some success to manage a rapidly increasing ODA budget over the past few years. With ODA now staying at more or less the same size for a while there should be an opportunity to make greater use of existing organisational structures and co-ordination mechanisms to consolidate recent gains in capacity, particularly as a result of the merger between MFA and UKIE. This consolidation should lead to efficiency gains – working 'smarter' not 'harder' and focusing on results.

MFA should develop a human resources plan for attracting and retaining quality professionals dedicated on a full-time basis to development co-operation, MFA should designate non-rotational specialist posts if possible without creating different categories of staff in terms of benefits and conditions of service. These specialists should have expertise in the priority sectors identified in Poland's overarching aid policy and would also include project managers who could be given non-rotational positions in DCDMFA in a similar way to how specialists are appointed in other donor country agencies, such as the Canadian International Development Agency (CIDA), for example. Once appointed, these personnel should be given suitable opportunities for capacity development.

As part of its efforts to improve aid effectiveness, but also to build public awareness and support for aid and development, Poland needs to develop a culture of managing for results. This will require MFA to build a strong independent monitoring and evaluation system in line with international standards. It will also be important for Poland to improve its system of collecting information on and reporting ODA with the help of the OECD DAC Statistical Unit.

It is important for MFA and other ministries to bear in mind the principles and the benefits to partner countries of untying aid. A better understanding is needed within the Polish government as a whole about the role of concessional and largely tied development funding. Untying is not an end in itself but a means to increase aid effectiveness, improve the developmental impact of aid and achieve greater value for money from aid expenditures.

MFA can build on the success of the last few years in respect of developing awareness and ownership of the official aid programme among the population. In particular, the recommendations of the GENE report on Global Education in Poland should be implemented, especially the establishment of a National Committee for Global Education under the auspices of MFA with MNE's support and that of other relevant ministries and agencies to oversee a public awareness strategy.

MFA should ensure that its humanitarian aid complies with its commitment to the Good Humanitarian Donor (GHD) principles and good practices.

DEVELOPMENT CO-OPERATION PROGRAMME OF POLAND

1. Context for Poland's Development Co-operation

1.1. Introduction

1. Non-DAC OECD Members have in recent years significantly increased their interest in the OECD Development Assistance Committee (DAC) operations as well as in potential future membership, particularly in view of ambitious commitments to scale up their development assistance. Poland participates in most formal DAC meetings, including the Annual High-Level and Senior-Level Meetings. In this context, Poland approached the Development Cooperation Directorate/DAC Secretariat in October 2009 with a request for a Special Review to support expected reforms in their own development co-operation. The DAC was advised of this request at its meeting on 3 November 2009. The Special Review took place over the period January to May 2010 and involved a visit to Warsaw by the Special Review team and analysis of documentation together with extensive discussions with key stakeholders. The Special Review team comprised representatives of Belgium, Canada and Turkey together with experts from the OECD Development Co-operation Directorate.

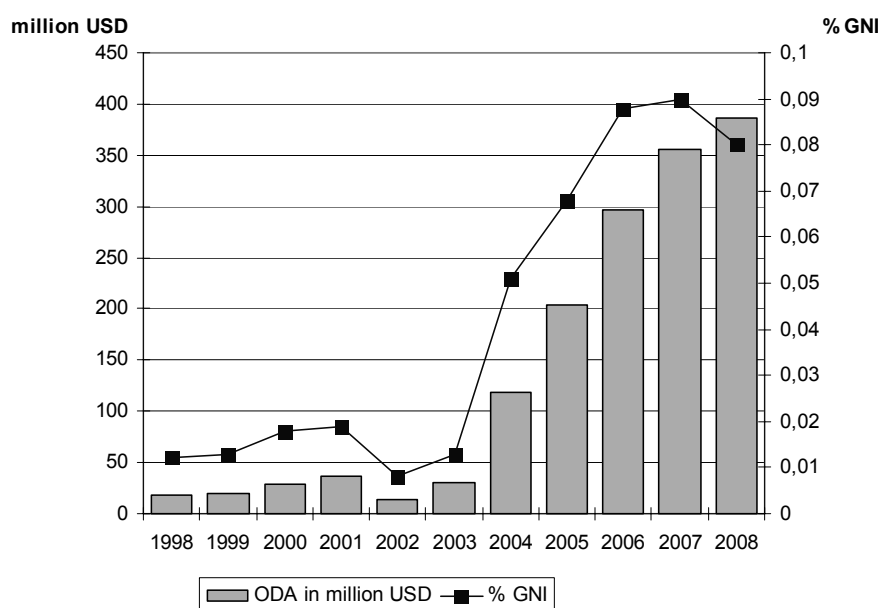
2. The Special Review is modelled on the DAC Peer Review process. It focuses on issues of aid management and refers to DAC knowledge and norms of good practice. It is intended to provide critical, helpful and respectful professional insight in support of Poland's management of its aid system. The relevance of the review is also to be seen in the context of Poland's role and obligations as a bilateral donor within the European Union framework. The review is also an important contribution to the development dialogue between the DAC and non-DAC donors – the DAC welcomes Special Reviews as opportunities to learn from the unique perspectives and expertise of providers of development co-operation that are not members of the Committee.

1.2. Poland's Development Co-operation Today

3. Since its transformation 20 years ago, the Polish economy has become increasingly connected with the global economy and from 2004 the country has been a member of the European Union (EU). As part of its transformation and growing international connectedness, particularly since joining the EU, Poland has rapidly increased its Official Development Assistance (ODA), see Figure 1 below. The context for Poland's development co-operation is broadly positive with the majority of the population and political parties supporting aid and Poland's growing role as a donor. Many Polish people see development co-operation as a way of repaying the nations that supported them in the 1980s and 1990s at a time when the country was taking its first steps in a democratic environment.

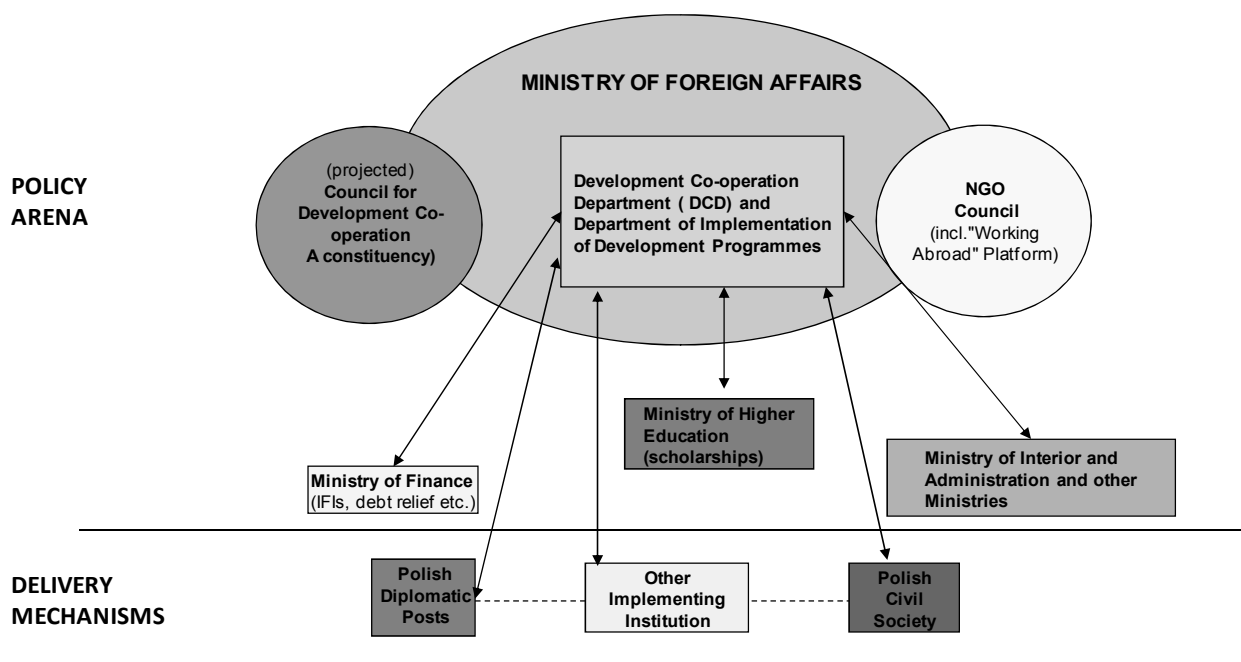
4. However, there are signs that growth in ODA is slowing, particularly in relation to the overall economic growth of Poland itself, and the country is not going to meet its commitment as a new member of the EU to reach an ODA/GNI ratio of 0.17% by 2010. Poland's commitment within the EU deliberations to reach an ODA/GNI ratio of 0.33% by 2015 is looking increasingly problematic.

Figure 1. Poland's ODA 1998-2008 (sources: MFA and DAC database, OECD)



5. The main focal point for development co-operation strategy and policy leadership within the national system is the DCDMFA. The Ministry of Finance plays a key role in ODA allocations and multilateral channels and the Ministry of Science and Higher Education manages ODA funded scholarships.

Figure 2. Poland: Development Co-operation Agencies



1.3 Principles and Objectives of Poland's Development Co-operation

6. Poland's current strategy for development co-operation was adopted by the Council of Ministers on 21st October 2003, prior to the country's accession to the EU. The strategy is broadly in line with prevailing international tendencies and commitments at the time of the document's approval (2003), particularly the UN Millennium Declaration, and encourages close co-operation with the international donor community, especially the EU and OECD.

7. Polish development assistance focuses on enhancement and promotion of democracy and good governance, human rights, sustainable development and civil society, particularly among its neighbours in Eastern Europe. Poland's own recent experience of transformation gives it a clear comparative advantage in its neighbourhood in these sectors¹. Poland's development co-operation strategy of 2003 sets out the aims, principles, priorities, instruments and roles and responsibilities for Polish international aid. It also includes provisions on development co-operation in the framework of the UN system, IMF, the World Bank and other donors and committed Poland to increase its development aid to the level of 0.1% of GNI by 2006. The MFA defines focused priorities in its annual development assistance activities plans. The bulk of Poland's ODA (73%) is channelled through the EU and most of the remainder is devoted to bilateral programmes, with just 4% going through multilateral channels other than the EU.

1.4 Legislative Framework

8. It is commendable that Poland plans legislation to strengthen the legal basis for development co-operation and a draft law is being prepared for approval by Parliament. One of the main aims of the draft law is to incorporate into Polish legislation basic definitions related to development cooperation, such as the scope of development assistance and the forms it can take. The law will also emphasize the coordination role of MFA and incorporate other ministries into the network of development cooperation issues through a planned Development Cooperation Council under the coordination of the Secretary or Undersecretary of State in MFA (see Figure 2 above). The law will recognize the role and tasks of the Coordinator (the Undersecretary of State) of the Development Cooperation Council in legislation. The law will also recognize the requirement for MFA to submit for approval by the Council of Ministers multiannual strategies for development cooperation. The law, as currently drafted, will in addition create an agency for development co-operation implementation from the existing institutional structures. A further key aim of the new law is to obviate the need for a special budget reserve for ODA with its perceived restrictions on multi-year financing.

9. Some of the problems that the new law is designed to overcome, such as constraints to multi-year financing, may be solved through amendments to existing legislation. The rationale for an agency should be considered carefully and this issue is discussed in a later section of this report. Poland would most benefit from legislation that clearly sets out the country's commitment to development co-operation and the overall objectives of its ODA. The law should also address issues of ODA implementation and accountability. Such legislation will provide the legal basis for a consolidated aid system within the government that clearly identifies the MFA as the entity responsible for coordinating, consulting on and formulating development co-operation policy that is binding for the whole of government.

1.5 Building up Public Awareness and Ownership of the Official Aid Programme

10. MFA has significantly increased the number and scale of its public information and development education activities in the last few years. A recent peer review of Global Education in Poland carried out

1 It is not possible to quantify the expenditures on these priority sectors as Poland is not currently reporting in this way. DAC is encouraging Poland to report on sectors of aid in the future

by the Global Education Network Europe (GENE) recognises the progress that has been made in this area. In particular, the GENE report highlights the commitment of MFA to the issue, the effective partnerships that have been forged with the Ministry of National Education (MNE) and relevant NGOs and the funding that has been allocated as a routine component of DCDMFA's programme of work. The GENE report and the government's own monitoring of its public awareness raising activities demonstrate some positive results in this area, particularly among target groups such as teachers and students. In a December 2008 public opinion survey commissioned by DCDMFA, 43% of respondents had come across information regarding Poland's assistance to other countries in the previous two to three months. While it is not clear from the survey what proportion of respondents were aware that Poland was engaged in delivering aid to less developed countries, a massive 84% believed that the Government should have a development co-operation programme and should support less developed countries. Strong public support for Poland's aid programme has been increasing steadily over the last few years and MFA can build on this to further inform and educate the population about the importance of development and the role of aid and to build support for higher aid volumes.

11. Increasing public awareness is a key issue for all donors. It will be a particular challenge for Poland since it aims to provide a substantially larger sum of ODA in future years. A whole-of-government agreed written public awareness strategy is needed. It should be multi-year with key messages, targeted to specific audiences, and include partnership with civil society organizations. The recommendations of the GENE report should be implemented, particularly the establishment of a National Committee for Global Education under the auspices of MFA with MNE's support and that of other relevant ministries and agencies to oversee a public awareness strategy.

1.6 Policy Coherence for Development

12. Educating and engaging the public and working with civil society to raise awareness of development are two of the necessary building blocks for achieving policy coherence for development (PCD). In a globalizing world, the impacts of Poland's policies, not just its development co-operation policies, are felt far beyond its borders. To meet the challenge of reducing global poverty, Poland needs to ensure that its policies on issues which go beyond aid and development assistance are supportive of, or at least do not undermine, its development-focused policies. This is the PCD agenda. Poland's development policy community needs to engage with other policy communities inside the country so that policy instruments that deliver progress towards multiple policy objectives can be designed. The process of working towards greater PCD is one of ensuring that policies are pulling together in pursuit of development objectives.

1.7 Suggested Options for Poland's Development Co-operation

13. While the 2003 strategy has served Poland well, the country's context and the context for development co-operation has changed significantly in the last few years. Poland is now a member of the EU, the Paris Declaration on Aid Effectiveness (PD) has become a cornerstone of international development co-operation, the Accra Agenda for Action (AAA) furthers the PD agenda, development and climate change have become major issues, security concerns loom large in most developmental contexts, the world is only just starting to recover from a food crisis and the impact of the economic and financial crisis are still being worked through. Given these major developments in the world since 2003, Poland's development co-operation would be strengthened by an up-to-date and overarching policy that fully reflects key international commitments, such as the Millennium Development Goals (MDGs), the PD and the AAA and that provides:

- a medium term (2010-2015) vision for Poland's development co-operation that sets out clear objectives as agreed across Government and endorsed by Parliament;

- guidance on coherence between development co-operation policy and other Polish government policies affecting poor countries;
- guidance for Poland's engagement with development co-operation in the EU;
- guidance for multilateral aid to complement and reinforce bilateral aid;
- guidance for bilateral programming that binds all parts of the ODA system;
- guidance on integrating important issues, such as gender, environment, human rights and governance across operational activities; and
- guidance on humanitarian aid, respecting the Good Humanitarian Donorship Principles.

14. Poland is encouraged to put such a policy in place and the government should draw upon the policy guidance for all the above areas available in the EU and the DAC and its subsidiary bodies. This policy should be complemented by guidelines to ensure consistent implementation across aid operations.

15. Two further options for strengthening the strategic orientation of its development co-operation may also be considered by the government of Poland:

- i. Poland would most benefit from legislation that clearly sets out the country's commitment to development co-operation, the overall objectives of its ODA and how implementation and accountability are to be managed.
- ii. MFA can build on the success of the last few years in respect of developing awareness and ownership of the official aid programme among the population. In particular, the recommendations of the GENE report on Global Education in Poland should be implemented, especially the establishment of a National Committee for Global Education under the auspices of MFA with MNE's support and that of other relevant ministries and agencies to oversee a public awareness strategy.

Box 1. Recommendations: Strategic Orientation

- Put in place an up-to-date and overarching policy that fully reflects key international commitments.
- Strengthen the legal basis for development co-operation.
- Implement the recommendations of the GENE report on Global Education in Poland.

2. ODA Volume, Channels and Allocations

2.1 What is the Level of Poland's ODA Today?

16. In 2008 Polish net ODA amounted to USD 372 million, representing a decrease of 12.3% in real terms from 2007. The ODA GNI ratio also dropped from 0.10% in 2007 to 0.08% in 2008 and is expected to stay at around that level during 2009 and 2010. Bilateral aid stood at USD 84 million, representing 23% of Polish development aid.

17. As a new member of the European Union, Poland has committed to reach an ODA/GNI ratio of 0.17% by 2010 and of 0.33% by 2015. This is a massive challenge and the Government of Poland already concedes that the aid volume target for 2010 will not be met. Moreover, the EU target of 0.33% by 2015 is increasingly problematic - it would require a four-fold increase in aid volume over the next five years. The growth in ODA has slowed on account of the economic crisis and the absence of debt cancellation – the latter had accounted for a significant proportion of Polish ODA in previous years.

Table 1. Bilateral and Multilateral ODA from Poland, 2000-2008, Net Disbursements

USD million

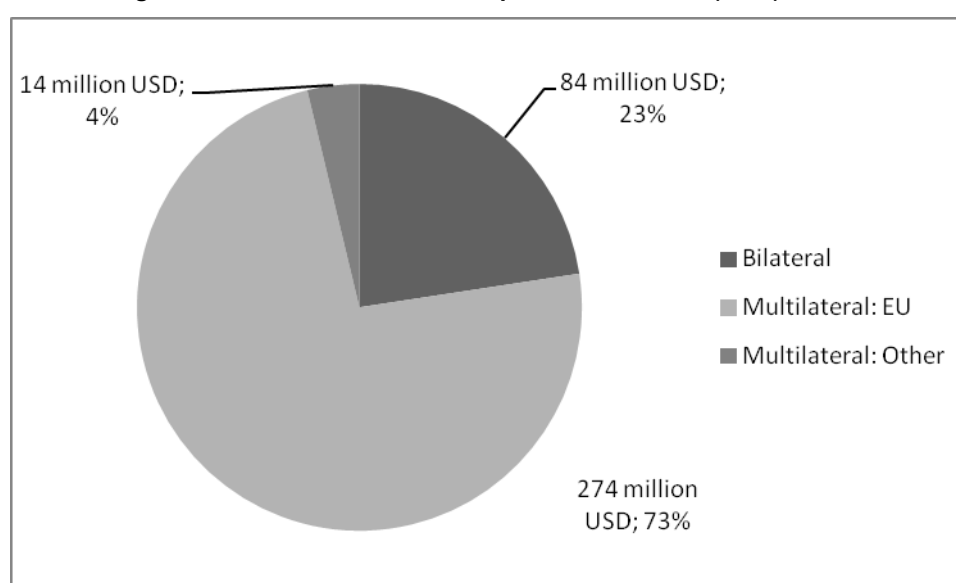
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Bilateral ODA	13	31	9	19	25	48	119	156	84
Multilateral ODA	16	5	5	8	93	157	178	207	288
TOTAL ODA	29	36	14	27	118	205	297	363	372

Source: DAC database, OECD

2.1.2 The European Union – the Main Channel for Poland's ODA

18. As a member of the European Union, Poland channels the bulk of its aid (74% in 2008) through its obligatory contributions to the EU development budget which, in 2008, was USD 274 million; representing nearly 95% of multilateral aid, see Figure 3 below.

Figure 3. Poland's Official Development Assistance (ODA) in 2008



19. The scope of Poland's co-operation with the EU ought to provide a framework for all of the country's development co-operation, multilateral and bilateral, with each channel complementing and reinforcing the other. This is happening to some extent in the case of Poland's support to Belarus, Ukraine, Georgia and Moldova in the context of the EU's Eastern Partnership.

2.1.3 Multilateral Channels

20. In order to avoid an excessive fragmentation of financial resources Poland has decided to limit the number of multilateral recipients of its development aid to just 8: International Monetary Fund (IMF),

International Development Association (IDA), United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF), Food and Agriculture Organization (FAO), World Food Programme (WFP), World Health Organization (WHO) and United Nations High Commission for Refugees (UNHCR) - USD 14 million was channeled through these 8 multilaterals in 2008. This is a welcome decision and should enable the country to focus its efforts on influencing the design and implementation of the major multilateral recipients of its aid.

2.1.4 Bilateral Channels

21. The remaining 23% of ODA (USD 84 million in 2008) is funded from the government's ODA special budget reserve – in 2010 the budget reserve will be PLN 100 million. This budget reserve is maintained by MoF but is accessed only with the approval of MFA for various forms of bilateral aid. Poland is commended for focusing its bilateral ODA mainly on a small number of countries – the top ten recipients regularly receive more than 90% of total bilateral ODA, see Table 2 below. It should be noted, however, that Poland's ODA business model is generating small-scale support for a large number of countries (33, but more than 100 if scholarships are included). It is notable also that Poland's bilateral ODA focuses on middle income countries and in sectors (governance, democracy and transition) where it has a comparative advantage but which do not address poverty or the MDGs directly. In fact, this comparative advantage is a key rationale for the bilateral programme's existence.

Table 2. Top Ten Recipients of Polish Bilateral ODA, 2005-2008

Gross ODA disbursements, USD million

	2005	2006	2007	2008
Serbia	18.7	Angola 92.4	China 68.3	China 19.5
Ukraine	6.2	Ukraine 7.1	Nicaragua 30.6	Belarus 18.3
Uzbekistan	6.0	Belarus 6.8	Belarus 14.9	Ukraine 14.0
China	5.3	Uzbekistan 4.5	Montenegro 13.3	Angola 6.9
Belarus	4.0	Moldova 1.3	Ukraine 12.6	Montenegro 3.0
Kazakhstan	1.4	Kazakhstan 1.1	Uzbekistan 4.7	Georgia 2.9
Viet Nam	0.8	Indonesia 0.6	Kazakhstan 2.5	Kyrgyz Republic 2.9
Moldova	0.6	Afghanistan 0.6	Afghanistan 1.8	Moldova 2.3
Afghanistan	0.3	Georgia 0.5	Moldova 1.8	Afghanistan 1.9
Iraq	0.3	China 0.5	Georgia 1.6	Sudan 1.3
Share of gross bilateral ODA	91%	95%	92%	82%

22. Poland has a set of criteria for country selection, including Polish economic and cultural links, historical ties, geopolitical considerations, interests of constituencies within Poland, Poland's comparative advantage, as well as needs, poverty, MDG and governance indicators. Thus Belarus, Ukraine, Georgia and Moldova are chosen for reasons to do with Poland's economic and cultural links, comparative advantage, geopolitical considerations and needs. A significant proportion of Poland's bilateral ODA to these four countries (together with Armenia and Azerbaijan) is provided within the framework of the EU's Eastern Partnership which represents a step change in the EU's relations with these close neighbours. This ambitious Partnership includes a comprehensive institution building programme and a new multilateral dimension which brings partners together to address common challenges. The Partnership also includes measures to support the social and economic development of the six countries, and five flagship initiatives that will give very concrete evidence of the EU's support. Within this framework Poland is focusing its

support on democracy, good governance, stability, economic integration, convergence with EU policies, energy security and strengthening interpersonal contacts. Poland includes Afghanistan in its list of priority recipients as a contribution to international efforts aimed at introducing democratic governance in the country – aid supplements Poland’s military presence with development and reconstruction activities. Angola is chosen by Poland on the basis of having one point in Africa that is manageable and that has historical links with the country. China has been the biggest recipient of Polish aid (mostly credits tied to Polish goods and services).

2.1.5 *Aid Modalities*

23. Poland’s bilateral ODA is delivered mainly as financial assistance (preferential credits and debt relief), project finance, training, aid to refugees and scholarships. Poland has also embarked upon triangular cooperation, for example through the Polish-Canadian Development Cooperation (PCDC) programme, established in 2006². The main bilateral programme aid modality is small scale projects (average size: USD 30,000) implemented by Polish NGOs, ministries and other government agencies identified through annual calls for proposals and small grants (average size: USD 10,000) administered by embassies with the approval of MFA. Once the framework for foreign assistance activities has been approved for a given year (usually at the beginning of each year), the MFA announces a call for proposals for NGOs, local authorities, other government entities, universities and research institutes and another one for Polish embassies. The NGOs and other entities then file their project proposals and these are duly assessed by MFA. Those proposals approved by MFA are then implemented by the successful agencies and NGOs within the time-scale of the annual budget – normally there is 6-8 months of the financial year remaining for implementation. MFA’s monitoring of implementation takes place during this period. This process has been brought forward in 2010 to allow for slightly longer periods of implementation. It is hoped that this new approach for call for proposals will also permit greater concentration of resources both geographically and thematically. There is growing use of logical frameworks to manage these projects and typical examples include capacity building of women and personnel at maternity wards and hospitals in Azerbaijan; support for marginalised groups in Belarus to help them find employment; and improving access to clean water for 25,000 residents of the city of Kochkor-Ata in Kirghizstan.

24. MFA is working hard to manage these aid administration processes, but the transaction costs are high and the tendency with this kind of proposal-based modality is for the aid to be supply driven rather than in response to the demand from partner countries.

2.1.6 *Scholarships*

25. The most significant element of Polish technical aid provided in 2008 was the government scholarship programme administered by the Bureau for Academic Recognition and International Exchange (controlled by the Ministry of Science and Higher Education). The scholarships covered the total cost of study of 4,486 students and 478 PhD students and long-term apprentices. The largest number of students came from Kyrgyzstan, Belarus, Ukraine, Vietnam and Albania. Other Polish ministries and state institutions (Ministry of Finance, Central Board of Prison Service) also had their share in technical assistance activities in 2008. The long-term trainees are trained in the Polish language in the first year of their scholarships in order to be able to pursue the university programme in the following years.

2 While this particular programme ended in 2007, Poland continues to engage in trilateral cooperation with Canada in Ukraine but on a bilateral project basis.

2.2 *What Changes Should Poland Work Towards?*

26. MFA and the Ministry of Finance would like to increase aid volume and also increase the bilateral share of ODA. It is clear that to achieve these aims it will be important to build support for increased aid within the country and across all political parties. It will also be necessary to reform bilateral aid channels as the current business model would not be able to absorb increased volumes of aid effectively.

27. Poland is giving more thought to its engagement with development co-operation in the EU and would like to improve this. There are several opportunities available to Poland for moving forward with this, the chief of them being the country's EU presidency in the second half of 2011. The government is currently preparing its development staff for this challenge. MFA is already in touch with the Czech Republic and Sweden (presidents in 2009) and Spain and Belgium (presidents in 2010) with a view to learning how to manage its role in this area effectively. Poland is also liaising with Hungary (the first president in 2011) regarding agendas for the year.

28. Poland recognizes its lack of an overarching policy or strategy guiding its partnership with multilateral institutions and would like to address this. As part of its strategy development Poland is considering its representation (secondment) in the decision-making bodies of key multilateral institutions, accompanied by providing pure core contributions, without earmarking of funds. This kind of approach has been successfully followed by Switzerland and MFA is interested in this model.

29. DCDMFA appreciates that the prevailing aid modality for the bilateral programme is inadequate and would like to shift to multi-year financing of much larger development programmes in its priority countries that are more closely aligned to national strategies. But DCDMFA believes it is constrained by the Public Finance Law which, it understands, stipulates that government departments cannot enter into commitments of longer duration than the current financial year. This key issue is discussed further in the next section of this report.

30. Poland is looking at ways in which its development assistance to middle income countries in sectors such as governance and democracy could target the disenfranchised in those societies more effectively. These concepts are not mutually exclusive. For instance, CIDA programming in Ukraine does address the country's MDGs and focuses on rural poverty. It would be important for Poland to make that distinction, so as to avoid concluding that in order to tackle poverty one must exclusively work in LDCs.

31. The government realises that bringing foreign students to Poland to study can be costly and the development outcomes of this kind of aid are uncertain. As Poland shifts to multi-year financing and programme based approaches it intends to consider the needs of partner countries in education at all levels. In this context, the questionable development benefits of scholarships and the potential negative effect of brain-drain on poor countries' development may cause the Polish authorities to carefully reflect on how education can be addressed from a systemic and development-oriented perspective, particularly in its priority countries. Poland would like to use the national education strategies of its partner countries as a basis for responding to local needs, including but not exclusively with scholarships, and is trying to ensure that activities linked to education complement other donors' efforts in the same sector.

2.3 *Suggested Options for Improving Aid Volume, Channels and Allocations*

32. With regard to aid volume, two things are needed currently: firstly, within the EU deliberations, Poland would benefit from setting new realistic interim targets and putting in place a credible pathway for achieving these and the 0.33% target by 2015; and, secondly, the new targets and growth-path would be helped by having the commitment of the political leaders (across all parties) and being publicized widely.

33. In the context of the overarching policy suggested in Section 1 of this report, the approach to the EU by Poland could be elaborated in a way that might, for example: (i) assess the contribution that the EU can make to Poland's development objectives; (ii) set out what Poland can do to make its partnership with the EU in development better; (iii) discuss wider policies for development and what the EU can do to support these; (iv) look at how EU development assistance can be improved; and (v) consider how EU political leverage might be used for development. Poland may consider learning from other countries with effective strategies for EU Development Assistance, such as the United Kingdom and Netherlands. These two countries particularly have made strenuous efforts in recent years to improve the quality of EU aid.

34. While acknowledging that multilateral aid (other than the EU) represents only 4% of Poland's ODA, the lack of an overarching strategy guiding its partnership with multilateral institutions could be addressed by Poland through the policy development process outlined in Section 1 of this report. In thinking about this strategy Poland could consider maintaining a credible level of assistance to priority multilaterals to encourage aid concentration and larger amounts of support that are likely to have more impact than small ones. For example, Poland's contribution to the 15th replenishment of IDA was USD5 million which equated to 0.03% of the total. As the government approaches the 16th replenishment of IDA it might consider what would be a credible level of contribution in terms of the impact Poland wishes to achieve through this channel.

35. Many donor countries face the problem of annual budgeting processes but are able to make multi-year commitments to partners with the proviso that all but the current financial year are subject to annual appropriations by their national parliaments. Poland should look at the examples of Belgium, Canada and Luxembourg for case studies of how many DAC members have reconciled the long term nature of development co-operation, which calls for multi-year planning, with established national practices of approving aid appropriations year by year. DCDMFA could explore its options for making similar commitments with the relevant authorities. Poland's Public Finance Law has recently been amended and now includes a number of tools designed for active management in public finance, one of which, the Multiyear State Financial Plan (MSFP) links strategic planning with annual decisions about the allocations of resources for a following budgetary year. Another new tool recently introduced in the Public Finance Law is the creation of a *task layout* for the budget to broaden the horizon of disbursements planned for the current budgetary year as well as for the following two years. These tools and other provisions under the new Public Finance Law ought to make it possible for DCDMFA to move to multi-year financing and this would make it possible for Poland to implement its bilateral development co-operation through other, more aid effective, modalities, such as programme-based approaches, sector wide approaches, sector budget support and even general budget support. The adoption of these modalities would lessen the need for annual calls for proposals and greatly reduce MFA's transaction costs.

36. The Polish Government needs to ensure that the scholarships it offers are the most effective way to support education in developing countries. Scholarship schemes geared towards the needs of individuals from developing countries ought to be explicitly linked to development objectives. A system for keeping track of scholarships holders who have returned to their home country could be set up with assistance from Polish embassies to improve follow-up. Consideration could be given to helping returned students set up alumni associations that can provide services to members. Poland could also invest in an evaluation of the outcomes of its scholarships, perhaps through a tracer study, and reflect on the findings, particularly in terms of what has been achieved through these substantial investments. Many DAC members are giving scholarships for third country and in-country training and the Polish Government might wish to consider these approaches.

37. Poland has a comparative advantage in MICs in Eastern Europe where it uses its know-how gained from its own transition to tackle poverty indirectly by aiding the process of European integration and convergence with EU policies. There may be more that Poland could do to address poverty directly in

Eastern Europe. A further issue is the extent to which Poland's ODA should become poverty and MDG focused more generally. These issues could be addressed in the context of a growing ODA budget and the accession of many of Poland's current partner countries to the EU in future years.

38. As total ODA increases, due consideration ought to be given to maintaining a credible level of bilateral assistance to priority countries to encourage aid concentration and larger interventions that are likely to have more impact than small, isolated ones. In addition, MFA might identify and use tighter development criteria leading to a better defined list of priority countries that drives the expenditures. Moreover, bilateral programming should bind all parts of the Polish ODA system and be clearly elaborated and agreed with partner countries, based on partner countries' national strategies. There are other options for increasing efficiency, such as by delegating responsibility to embassies for the small grants scheme and phasing this out over time, rationalising the use of scholarships and concentrating resources solely on the priority countries, shifting to multi-year programming and exploring delegated co-operation through other donors (the latter will be discussed further in the section of this report dealing with aid effectiveness).

39. MFA should look at ways to rationalise further the allocation of aid resources to increase the concentration of ODA on its priority countries.

Box 2. Recommendations: ODA Volume, Channels and Allocations

- Within the EU deliberations, set new realistic interim targets for ODA volume putting in place a credible pathway for achieving these and the 0.33% target by 2015.
- Win the support and commitment of political leaders (across all parties) for the new ODA volume targets and growth-path and publicise them widely.
- Develop a more strategic approach to EU development co-operation, one that focuses on improving Poland's partnership with the EU in development and making the EU better at delivering aid.
- Adopt the relevant tools available under the new Public Finance Law and move away from project aid and small scale aid relationships to broader, aligned and harmonized multi-year programme-based assistance in priority countries.
- Evaluate the outcomes of Poland's considerable investments in scholarships, particularly in terms of their contribution to development objectives in partner countries and publish and reflect on findings with partner countries and institutions.
- Improve the poverty focus of Polish ODA and target disadvantaged groups in priority countries.

3. Organisation and Management of Poland's Development Co-operation

3.1 How Poland's Development Co-operation is Organised and Managed Today

40. MFA and its partner ministries have worked hard and with some success to manage a rapidly increasing ODA budget over the past few years. The recent merger of the UKIE with MFA more than doubles the development co-operation capacity of the Ministry and also enhances key skills such as programme development and implementation. MFA has proceeded to establish two departments, one to focus on policy, strategy and the design of programmes and the other to manage implementation. These choices have been made in anticipation of the new ODA law discussed in Section 1 of this report and the creation of an agency that will be responsible for implementation.

41. With the merger of UKIE with MFA the government estimates that Poland now has 64 permanent staff working on development co-operation.

Table 3. Staff numbers in headquarters and the field, 2010 (source MFA)

	Numbers of staff
Ministry of Foreign Affairs staff working on development co-operation (Warsaw)	44
Other agencies	7*
Field: Polish appointed staff	13 *
Field: locally employed staff	1
Total	65*

*Some posts are responsible for other tasks besides development co-operation

42. The DCDMFA Warsaw-based personnel are complemented by those in other agencies and in the field, see Table 3 above. It is important to note that some posts, particularly in the field, are responsible for other tasks besides development co-operation and spend only a fraction of their time on managing aid. The delegation of responsibilities for development co-operation to embassies is thus constrained, in some partner countries, by this lack of full time aid managers. In the context of a growing bilateral programme, one that is making increasing use of multi-year and larger-scale commitments, Poland considers it would be appropriate to place full-time development co-operation officers in the embassies of its priority countries. This would then facilitate greater delegation to the field level. Also, given the micro-scale of the small grants it would seem appropriate to strengthen guidelines and then delegate responsibility for these to the embassies.

43. The relations between DCDMFA and territorial departments of MFA and with the embassies appear to be positive and productive but links might be strengthened through more regular and systematic interactions. It is noticeable that development co-operation is seen by MFA as an aspect of foreign policy rather than as a distinct area of government policy focused on development objectives. This is the position held by over half the DAC members and it will be important for Poland to ensure coherence between development and other objectives it pursues through its foreign policy. While foreign policy and economic and cultural links can be taken into account when selecting countries for Polish support, the main criteria should be poverty related. It is hoped that the new law on development co-operation and the overarching policy proposed in Section 1 of this report will help to clarify these issues.

44. It is important to note that the DCDMFA manages only 15% of Poland's ODA. The delivery of Polish aid is very much a team effort involving other departments of MFA, the Ministry of Finance (EU and multilateral channels), the Ministry of Science and Higher Education (scholarships), the Ministry of Defence (Afghanistan), Ministry of the Interior and Administration (aid to refugees) and a range of other ministries, government agencies and NGOs. MFA is therefore both the policy maker for development co-operation and also the co-ordinator of a host of actors and agencies that are not always under its direct control but which are responsible for delivering Poland's aid. MFA's major challenge is to clarify the place and role of the line ministries and other concerned agencies (particularly NGOs and universities) and to find more effective ways to draw on their wealth of expertise³. Under the current system government

3 The needs of LDCs are specific and particular and the technological capacities and experiences of Poland's ministries and NGOs may not be appropriate resources in every case. Moreover, when selecting resource

departments are competing against each other for ODA allocations. This is time-consuming and not very strategic.

45. Poland benefits from a dynamic and well-informed NGO sector that is fully engaged on development issues. MFA does not have a policy or guiding framework that defines the relationship with national and southern civil society organisations. However, an important instrument of co-operation between the MFA and Polish NGOs is the Council for Co-operation with NGOs in the MFA, whose work was inaugurated on 16 January 2003. In 2008 it was replaced by the Forum for Co-operation of the Minister of Foreign Affairs with NGOs. The Forum is an important part of consultation and sensitisation, an arena where views on issues and priorities of Polish foreign policy are exchanged. The consultation with NGOs, while reasonably regular, could be improved through learning from examples of good practice in the Ministries of National Education and Environment. In particular, the timing of consultation with NGOs is important to ensure that it is meaningful and a fundamental aspect of the policy process.

3.2 What Changes Should Poland Work Towards?

46. With ODA now staying at more or less the same size for a while and with the recent increase in MFA capacity, the Ministry would like to take these opportunities to make greater use of existing organisational structures and co-ordination mechanisms to consolidate. This consolidation should lead to efficiency gains – working ‘smarter’ not ‘harder’ and focusing on results. Poland would like to create an implementing agency under the new ODA law utilising the existing resources at its disposal, but, as discussed below, there are other options that might be considered.

47. A further opportunity for strengthening capacity in this area is the planned improvements to Parliamentary oversight of ODA with the establishment of a sub-committee for this purpose under the Foreign Affairs Committee. It would seem appropriate that this sub-committee looks into the entirety of Poland’s ODA, not just the 15% managed directly by DCDMFA.

48. MFA appreciates that as Poland scales-up its ODA in the future it will need to professionalise its staff further and attract and retain quality professionals dedicated on a full-time basis to development co-operation. These development professionals will require strong policy guidance that focuses them on the development mission, together with organisational structures that are conducive to high quality aid management and suitable opportunities for capacity development. Currently, MFA regards project monitoring as one aspect of capacity building of its Warsaw-based and embassy-based staff. This is not an adequate approach to monitoring or staff development and MFA would like to develop alternative approaches to both. In addition, MFA would like to develop sector specialists within the Ministry to advise on the development of larger multi-year programmes and strategies. Related to these issues is the policy of rotation for MFA officers serving in development co-operation positions. While it is often beneficial for diplomatic officials to serve in development posts, this needs to be managed carefully to ensure consistent approaches to development co-operation.

49. It is commendable that Poland is increasing the budget for evaluation and administration to USD 0.5 million for 2010. As aid grows and people become more aware of the programme, it will become increasingly important for Poland to be able to demonstrate the results of the development work that it is contributing to. To this end, a good system of monitoring, evaluation and results based management would be essential. This will require MFA to build a strong independent monitoring and evaluation system in line with international standards. This includes a need to establish results frameworks for major programmes, improve monitoring during project implementation, to improve *ex-post* evaluation, and to integrate lessons

agencies for particular developmental interventions, consideration needs to be given to cultural differences and the overall development perspective of the partner country.

from evaluations into future programmes. Evaluations should consistently be made public in order to improve accountability in Poland and partner countries. When designing its monitoring and evaluation system, Poland may wish to refer to the DAC guidance related to development evaluations that can be found at the following web-sites: www.oecd.org/dac/evaluationnetwork and www.oecd.org/dac/evaluationnetwork/derec. Aid effectiveness principles require joint evaluations involving all the donors engaged in a particular sector or programme, preferably together with the partner country and Poland should work towards this kind of collaboration.

50. MFA is aware of the need to build its Statistical capacity, in particular to strengthen the collection, verification and reporting on ODA in accordance with the DAC Creditor Reporting System (CRS). MFA is interested in working with OECD for this purpose. This will help improve the overall accountability of the programme.

3.3 Suggested Options for Improving Organisation and Management

51. Given that the main rationale for creating the aid implementation agency is to overcome the perceived constraints to multi-year budgeting caused by the Public Finance Law and that there may be other solutions to this problem (see the previous section), Poland might consider the advantages and disadvantages of the implementing agency model before making a final decision on this issue. In this regard it may be helpful for MFA to look at the experiences of some of the different DAC members and to review the DAC's analysis of aid management structures⁴. Organisational structures for managing aid in each DAC member country are unique and dynamic. The model of a policy ministry with separate implementing agency is one adopted by almost half the DAC members to varying degrees, but the majority have chosen to integrate these functions either within the Ministry of Foreign Affairs or in a special Ministry or Agency for Development (for example, the United Kingdom's Department for International Development) or a separate Agency for Development (for example, the Canadian International Development Agency which reports to Canada's Parliament through the Minister for International Co-operation). With the Ministry of Development Co-operation model, this normally has either a clear institutional link with the Ministry of Foreign Affairs or is a fully autonomous department in its own right. There are advantages and disadvantages associated with each model and it is also the case that DAC members have changed their organisation and management arrangements several times. This indicates that aid management structures are dynamic, evolve over time and are subject to the national political environment. It should be noted that the implementing agency model can be an impediment to smooth adherence of the PD principles.

52. MFA should consider an organisational structure for development co-operation in the context of Poland's overarching policy and vision and find the best way of organising for the achievement of Poland's development objectives. Irrespective of organisational structure, MFA might emphasise the importance of political leadership of development assistance and how this leadership should effectively integrate functions within MFA and provide links to other government departments.

53. As part of its efforts to improve aid effectiveness, but also to build public awareness and support for aid and development, Poland needs to develop a culture of managing for results. This will require MFA to build a strong independent monitoring and evaluation system in line with international standards. As part of this, MFA should move away from the field visit approach to monitoring towards a more systematic approach based on up-to-date Management Information Systems (MIS), regular reporting and independently verified progress towards project or programme outputs. It will also be important for Poland

4 See in particular: *Managing Aid, Practices of DAC Member Countries*, OECD (2009) and *Effective Aid Management, Twelve Lessons from DAC Peer Reviews*, OECD (2008)

to improve its system of collecting information on and reporting ODA with the help of the OECD DAC Statistical Unit.

54. Several Polish ministries are actively sharing their transformational know-how with partner countries and would like to do more. One option for improving aid management would be for MFA to sign collaborative agreements allowing selected line ministries to supply inputs under a specific scope of work in countries where there is a clear comparative advantage for these agencies and partner country demand for their services. Those ministries, if it is appropriate, could be invited to participate in policy formulation at specific points in the programming process as well as in project monitoring and evaluation. Another complementary option would be to set up inter-departmental committees either on a semi-permanent basis or in response to requests for advice or contribution on important topics as they emerge, e.g. aid for trade, climate change or the migration-development nexus. MFA might wish to reflect on the most effective way to establish a mechanism for inter-ministerial exchanges, providing guidance as necessary as well as sufficient resources to support such a mechanism. In addition to supporting co-ordination among ministries, the mechanism could also promote PCD among Polish public institutions, particularly the Ministry of Economy, the Ministry of National Education, the Ministry of Interior and Administration and the Ministry of Environment. With time and in line with the commitment on policy coherence made within the context of the European Consensus, a statement on PCD from the Government could serve as a framework to prioritise the agenda, to focus interdepartmental attention and to strengthen synergies among policies.

55. The new development co-operation legislation should clarify MFA's role and the relationships with other ministries in development co-operation. In the future and in the context of the new legislative framework and development co-operation policy outlined in Section 1, MFA should move away from annual calls for proposals towards MoUs and contract based relationships and this should bring an end to competition within government for ODA resources. The current business model has some strengths and calls for proposals may be the right instrument for certain issues and contexts. But MFA should look at alternative options for working with other ministries and why these might be more effective.

56. The NGO Council ought to be given stronger support and re-energised as a vehicle for maximising the benefits of the relationship between government and NGOs. Poland's development NGOs are dynamic and well informed partners and could be useful allies for MFA in advocating for increased support for development and shaping new policy. Poland reports to the DAC on its overall support to national, international and southern NGOs but is not providing detailed information on these expenditures. Poland is encouraged to report to the DAC in greater detail on these expenditures in the future.

57. DCDMFA should develop a human resources plan for attracting and retaining quality professionals dedicated on a full-time basis to development co-operation. DCDMFA should follow through on its plans to designate non-rotational specialist posts and project manager positions if possible without creating different categories of staff in terms of benefits and conditions of service. The specialists should have expertise in the priority sectors identified in Poland's overarching aid policy.

58. While recognising the constraints caused by insufficient field level staff (which need to be addressed), there could be greater delegation to embassies. As a first stage in this process, the management of small grants could perhaps be delegated to the field level staff.

Box 3. Recommendations: Organisation and Management

- Consider the advantages and disadvantages of the implementing agency model for managing aid before making a final decision on this issue.
- Maximise the opportunity of the merger of UKIE with MFA and put in place a new DCDMFA structure in the context of the overarching policy and vision for Poland's development co-operation.
- Put in place a human resources plan for attracting and retaining quality professionals dedicated on a full-time basis to development co-operation.
- Develop a culture of managing for results. This will require MFA to build a strong independent monitoring and evaluation system in line with international standards.
- Continue and improve the policy dialogue with civil society and breathe new life into the NGO Council.

4. Aid Effectiveness

59. Poland is a signatory to the UN Millennium Declaration and endorses the Paris Declaration (PD) on Aid Effectiveness and the Accra Agenda for Action (AAA). It strives to provide development aid in accordance with these commitments. In addition, after joining the EU, Poland adopted the European Consensus on Development. Poland is also taking part in DAC activities associated with PD and AAA. While there is no doubting Poland's commitment to aid effectiveness, the country faces challenges in putting these principles into practice.

4.1 Ownership, Alignment and Harmonisation in Poland's Development Co-operation Today

60. While the bulk of Poland's ODA is harmonised through its contribution to the EU's development budget, the country's bilateral ODA business model is a constraint to partner country ownership. Poland's bilateral aid relationships mainly consist of micro projects of less than one year duration designed and implemented by Polish NGOs, ministries and other agencies. The lack of unified programme-based approaches, particularly at the country level, undermines the coherence and potential impact of Poland's development activities. There has been some progress in concentrating Poland's bilateral aid, namely: the number of accepted projects in the 2010 call for proposals has been limited; and Poland has focused on a small number of sectors in its seven priority countries, especially in Georgia and the Ukraine. This progress notwithstanding, the fragmented nature of Poland's bilateral development co-operation, with the reliance on annual calls for proposals, small grants and scholarships, is likely to constrain efforts to manage increasing ODA and this is an area that Poland should address.

61. Poland is actively engaged in discussions regarding the division of labour within the EU. Poland has moved ahead with common arrangements and pooling of resources with other EU donors to some extent in Georgia and Ukraine.

62. The use of credits tied to Polish goods and services and debt cancellation needs to be seen within the context of Poland's development co-operation objectives, particularly at country level. These instruments may be effective means of delivering Polish ODA, but only if they are directly contributing to clearly elaborated development objectives. Untying aid is a matter of principle and it also generally increases aid effectiveness by reducing transaction costs for partner countries and improving country ownership and alignment, and consequently by increasing the value for money of aid – the DAC estimates that untied aid is worth 20%-30% more than tied aid in terms of the value of what the recipient receives.

4.2 *What Changes Should Poland Work Towards?*

63. MFA acknowledges that a consistent application of the principles of ownership and alignment requires the use of the partner countries' systems, particularly the recipients' national financial management systems and Poland is currently not doing this sufficiently. As discussed in an earlier section of this report, MFA should work with the Ministry of Finance and other concerned authorities to address the perceived legislative barriers that currently constrain the effectiveness of Poland's aid. In addition, in the context of the overarching policy suggested in Section 1 of this report, MFA should elaborate country delivery plans in its priority countries that respond to and align more closely to the partner country's national development strategy and are harmonised with the plans of other donors.

64. Building on its experiences in Georgia and the Ukraine, Poland ought to seize other opportunities to engage in donor co-ordination and harmonisation in its partner countries for formulating country programmes (division of labour) and, legislation permitting, explore new aid modalities such as programme based approaches, Sector Wide Approaches (SWAs), sector budget support, general budget support and the delegation of authority to other donors, especially in areas where Poland does not have experience or presence. Currently Poland is considering joining the prominent EU Fast-Track Initiative on Division of Labour (FTI-DoL) with a focus on its Eastern Europe partner countries. This initiative could lead to improved donor aid coordination and more harmonised approaches.

65. It is important for MFA and other ministries to bear in mind the principles and the benefits to partner countries of untying aid. A better understanding is needed within the Polish government as a whole about the role of concessional and largely tied development funding. Untying is not an end in itself but a means to increase aid effectiveness, improve the developmental impact of aid and achieve greater value for money from aid expenditures.

4.3 *Suggested Options for Making Poland's Aid more effective*

66. Poland should ensure that its aid is demand driven and responds to the needs of its priority partners. This will require a consistent application of the principles of ownership and alignment and the use of the partner countries' systems, particularly the recipients' national public and funding systems.

67. Alignment means following and supporting partner countries' leadership and management of development as well as strengthening and using recipients' country systems to the maximum extent. This will require a major re-shaping of Poland's development co-operation business model and a shift away from micro-projects, small grants and scholarships towards effective, large-scale, engagement in nationally owned programmes and sector reform efforts.

68. Building on its experience with common arrangements in Georgia and Ukraine, Poland should seize other opportunities, such as joining the prominent EU Fast-Track Initiative on Division of Labour (FTI-DoL), to engage in donor co-ordination and harmonisation in its partner countries. Wherever possible, Poland should multilateralise, especially within EU arrangements, not just harmonise.

Box 4. Recommendations: Making Poland's Aid More Effective

- Make sure that aid is demand driven and responds to the needs of partner countries – this will require a consistent application of the principles of ownership and alignment and the use of partner countries' systems.
- MFA should elaborate country delivery plans in its priority countries that respond more closely to partner countries' national development strategies and bind all parts of the Polish ODA system.
- Build on the experience of common arrangements and pooling of resources with other EU donors in Georgia and Ukraine and seize other opportunities to engage in donor coordination and harmonization in partner countries.
- Where possible, multilateralise contributions, particularly within the EU.

5. Humanitarian aid

69. Poland is a member of the Good Humanitarian Donorship Initiative (GHD). Poland joined GHD in 2007, the same year that it also joined the European Consensus on Humanitarian Aid, and is an active member of this forum.

5.1 Humanitarian Aid Policy

70. Currently, Poland's humanitarian aid policy is framed by the existing law governing foreign relations. Poland could review this policy in the context of the new overarching policy for development co-operation suggested in Section 1 of this report. Such a review should include a commitment to ensure that the GHD principles and practices are implemented in its operations. The overarching policy could also outline how Poland will link humanitarian objectives (including prevention, preparedness and recovery) with broader development objectives.

5.2 Humanitarian Aid Volume and Channels

71. The value of Polish humanitarian aid has been increasing annually over the last few years. In 2008 it amounted to USD2.3 million and comprised humanitarian aid to Ukraine, Sudan, Georgia, Iraq, Myanmar, China, Kenya and Kyrgyzstan. In addition to these country allocations, Poland also contributed funds to international humanitarian aid organisations, including the UN's Central Emergency Response Fund (CERF) and the International Committee of the Red Cross (ICRC). Poland is participating very actively in a new EU Council working party to facilitate discussions within the EU on humanitarian issues and food aid (COHAFA). Poland is also engaging in the governance structures of the UN's Office for the Coordination of Humanitarian Affairs (OCHA) and CERF. It is notable that the leader of a Polish NGO, Polish Humanitarian Organisation, has become a member of the CERF Advisory Group at the prompting of MFA. In order to maintain and build on this level of engagement MFA will need to ensure that it has qualified staff dedicated full time to humanitarian aid.

5.3 Praise for Poland's Contribution to Humanitarian Aid

72. Poland's increased humanitarian aid contributions have been praised in recent years, particularly its swift response to the floods in Central and Eastern Europe in July 2008 that affected Ukraine and Moldova severely and its urban search and rescue (USAR) team, one of only 11 such teams in the world, that has recently been deployed in Haiti. Poland can build on these strengths in the context of the policy development suggested above, particularly to develop an approach to humanitarian aid that focuses on support through global, coordinated appeals and organisations and works through organisations with proven delivery capability on the ground. As Poland further increases humanitarian aid spending it should continue to ensure that its humanitarian activities are needs-based, not driven by visibility objectives, and are delivered within the framework of a coordinated international response. Poland should also look to the experience of other donors who often predominantly use multilateral and pooled funding channels, rather than develop parallel bilateral delivery systems.

5.4 Suggested Options for Improving Poland's Humanitarian Aid

73. MFA should intensify its efforts to ensure that in every humanitarian action it supports there is an explicit commitment to the GHD principles and good practices.

74. In order to maintain and build on the current levels of engagement MFA will need to ensure that it has a full complement of qualified staff dedicated full time to humanitarian aid.

Box 5. Recommendations: Humanitarian Aid

- Intensify efforts to ensure that in every humanitarian action Poland supports there is an explicit commitment to the GHD principles and good practices.
- MFA to ensure that it has qualified staff dedicated full time to humanitarian aid