

## **Executive Summary**

### **Hungarian International Development Policy in Figures**

– written by Dr. KISS, Judit –

The main goal of the study – written by Dr. KISS, Judit upon the call of the Hungarian NGDO Platform, HAND was:

- to introduce and to provide critical analysis on Hungarian International Development Policy (IDC), to evaluate the Hungarian efforts made for reaching the UN Millennium Development Goals according to the international aid watch criterias,
- to elaborate suggestions for Hungarian IDC reform and development, and
- to make further efforts for deepening public awareness on international development activity and humanitarian aid.

However, during the research, we had enormous difficulties with data collection due to uneasy governmental data service, lack of data and inconsistency, HAND Aid Watch Working Group have made the following observations:

- In 2006 Hungary has spent 0,12 % of its Gross National Income (GNI) (96 million Euros) as Official Development Aid (ODA). (EU-15s have spent 0,43%, and EU-10s have spent 0,10% of their GNI); it seems, that only 0,14 % will be reached by 2010, but reaching 0,33 % seems to be totally unrealistic by 2015;
- If we cannot raise the amount of the Hungarian ODA, we should put more emphasis on quality, efficiency, predictability of aid, and innovative financial instruments/approaches;
- 75 % of Hungarian aid is multilateral, but a 60:40 bilateral:multilateral rate would be favoured like in the case of other donors; it seems to be endangered, as the rate of multilateral Hungarian ODA will grow further, primarily due to our obligations coming from our EU membership; briefly, we have hardly any flexibility in terms of partners/target countries, forms of aid activity and/or sector selection;
- Small volume of bilateral aid is spent on too many countries, the selection of partner/target countries is fairly ad hoc, in addition, almost half of the bilateral aid is spent in Europe; neither any African nor any of the least developed countries has priority for receiving more Hungarian aid;
- Main forms of bilateral Hungarian ODA is project financing, receiving and sending experts (technical assistance), scholarships, emergency assistance, tied aid credit and debt cancellation;
- Debt cancellation is not eligible for counting as ODA, but scholarship costs can be counted as ODA depending on fulfilment certain conditions, according to the AID Watch Working Group of HAND;

- To improve aid quality, it is necessary to coordinate donor activities, long-term planning, respecting the needs of recipient countries, untieing all tied aid, accountability, transparency, project evaluation, impact assessment, follow-up and feedback, with involvement of civil society.

Based on the research results, the Aid Watch Working Group of HAND formulates the following recommendations for a necessary reform:

- free access to public ODA statistics, reports, project evaluations;
- transparency on implementation of the Hungarian IDC activities, and accountability concerning Hungarian ODA; standard, comparable yearly reporting system → establishment of resource and documentation centre for Hungarian IDC;
- formulation the legislative background of Hungarian IDC with involvement of all relevant stakeholders;
- predictability in terms of Hungarian ODA, detailed roadmap and restrengthened engagement for achieving 0,17 % and 0,33 % ODA/GNI goals;
- raising the rate of bilateral ODA; defining certain part of the bilateral ODA, which should be spent on development education in Hungary,
- channeling expertise to project implementation;
- priority support for African and least developed countries and poor people;
- priority support for certain sectors (agriculture, health, education), and the Basic Social Services, which are directly addressing the achievement of the Millennium Development Goals (poverty eradication);
- not counting phantom aid as ODA (eg. debt cancellation);
- raising the ratio of genuine aid and improving its quality;
- measurement of aid effectiveness, *ex ante* and *ex post* project evaluation, impact assessment, with special attention paid to environmental aspects with the involvement of all stakeholders.

