The current status of international/bilateral trade regimes with ODA recipients and the current role of civil society and private sectors as development actors in the new EU Member states

Presenting
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Introduction - Project Partners

PASOS, Policy Association for an Open Society, **CZECH REPUBLIC**

PRAXIS Center for Policy Studies, **ESTONIA**

CPS, Center for Policy Studies, **HUNGARY**

Center for Public Policy, **PROVIDUS, LATVIA**

IPA, Institute of Public Affairs, **POLAND**

Slovak Foreign Policy Association, **SLOVAKIA**

SLOGA, Slovenian NGDO Platform, **SLOVENIA**

IPP, Institute for Public Policy, **ROMANIA**
Introduction - Project Details

- **Financed by:** European Commission, EuropeAid/129494

- **Duration:** Jan, 2012 - Jun, 2013 (8-month research project)

- **What** is the project about: how new EU member states contribute to development efforts in the world
Introduction - Project Objectives

- **Overall objective:**
  - Build transnational alliances (NMS) -> network and advocacy practices on international trade systems
  - Map the role of private and civil society sectors as development actors.

- **Specific objectives**
  - Trade systems: progress of the MDG 8A
  - National private and civil society sectors: status of art. 13, 16 and 20 Accra Agenda for Action.
  - Network and dissemination: Boost the role of policy oriented civil society organizations to contribute to the development effectiveness.
NGDO - Objectives

Research objective: To examine the status of the Hungarian civil society sector as the source and actor of development assistance.

Context: International agreements on improving aid efficiency and thus the delivery of the Millennium Development Goals (MDGs).

- Accra Agenda for Action (arts 13, 16 & 20)
- Busan Partnership for Effective Development Cooperation (art 22)
NGDO - Steps of research

1. Building a comprehensive database of Hungarian NGDOs

Data sources:

- Court of Registration: all registered CSOs and foundations.
- Nonprofit.hu: 1% tax-pledge eligible CSOs
- NGDO Platform memberships
- Trialog: new member-states’ NGDOs
- Devdir.org: global directory of development organizations
- Yearly ODA reports of the Ministry of Foreign Affairs
- KSH (Statistical Office): specific activity categories
Hungarian nonprofit organizations per activity groups (KSH 2012)
2. **Survey** to outline the profile of the Hungarian NGDO sector

- Questionnaire prepared by research partners NGDOs’ roles and activities, human resources and sources of funding
- Lessons of the pilot (with Baptist Aid coordinator)
  - “Informal” operation of NGDOs makes it timely and difficult to provide the kind of data we ask for
  - Repetitive, especially in Section 4.
  - Occasionally confusing wording – to be improved by translation
- **Challenges:** risk of low response rate & overlap with HAND’s research?
NGDO - Prehistory

Shift in Hungary’s role:
donor → recipient → donor

- Historical circumstances render connections with most of the developing world both contingent and minimal
- Characteristics of socialist donorship are not transferable
- Lack of awareness raising under previous donorship era: negative public sentiments towards development aid; „aid-dependency”
- „Mutual surprise” after EU-accession
NGDO - „Struggle for life”

- Promise of EU-accession: **new paradigm of CSO-involvement**
  - Old member-states’ mentorship, capacity building
  - Formation of NGDO platform **HAND**
    - Composition: heterogeneous (← funding?)
    - Well connected nationally, regionally & EU-wide
  - Impact: less tangible (e.g. Africa strategy)

- **Sector’s lack of political leverage:** no ODA strategy → inefficiency?
Aid for Trade - Objective and History

Aid for Trade help developing countries, develop the trade-related skills and infrastructure to implement and benefit from WTO agreements and to expand their trade. ([www.wto.org](http://www.wto.org))

MDG 8A – To achieve an open, rule-based predictable, non-discriminatory trading system
- Market access
- Removal of Tariff and Non-Tariff Barriers
- Productive capacity development (Trade related Assistance)
- Infrastructure development


Accra, Paris Declaration – Partnership, Ownership
Aid for Trade - Research Objectives

- **Research Objective**: Analyze bilateral trade with priority ODA recipients under applied trade regimes

- **Context**: Trade is a powerful engine of economic growth and it can contribute to poverty reduction if:
  - Integration of trade into National Development Strategies of recipient countries
  - Increase effective international financial and technical assistance
  - Develop production and trade capacities
  - Enabling international trade environment
Aid for Trade

Development of Hungarian ODA

ODA Disbursement - Hungary

Source: OECD/DAC Statistics
Aid for Trade - Steps of Analysis 1

1. Identification and analysis of relevant documentation

- **Foreign Policy Strategy (Sectoral Priorities); External Trade Strategy (Objectives)**
  - Economic Interest Representation (FPS); Strengthen Hungarian Export Capacity, Opening to the East (ExTS)(Priority Count Analysis); Analysis of Trade Volume/Turnover in Priority Countries
  - Strengthening Security (FPS); Foster Economic Cooperation among CEECs (ExTS)
  - Energy Security (FPS)
  - Strengthening Domestic Institutional Environment (ExTS)

- **Analysis of bilateral trade agreements of priority recipient countries** (following OECD CEFTA 2006)
  - National treatment restrictions and bilateral treaties
  - Trade integration, industry concentration
  - Non-Tariff Barriers (documentations, technical regulations etc)
  - Public Procurement (procedures)
# Aid for Trade – Priority Country Positioning

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<th>Foreign Policy Priority</th>
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Aid for Trade – ODA Disbursement
Level of ODA disbursement – priority countries as a % of overall ODA

- Ukraine
- Serbia
- China
- Montenegro
- Nigeria
- Viet-Nam
- South Africa, Republic of
- Bosnia-Herzegovina
- India
- Egypt
- Mexico
- Kenya
- Kazakhstan
- Macedonia
- Brazil

Upper Middle Income
Lower-Middle Income
Other Low Income
Least Developed
Aid for Trade – Steps of Analysis 2

2. Identification of Aid for Trade type development projects and capacity building
   - Description of AfT projects (CEFTA, EIF)
   - Capacity building for Hungarian Companies (MFA, IDC)

3. Identification of relevant Stakeholders and distribution of Questionnaires:
   - Hungarian Aid Profile
   - Type of Development Assistance Provided by Government
   - Implementation – Reporting Structures
     - Engaging Stakeholders
   - Monitoring and Evaluation
Aid for Trade - Challenges

- Documentation
  - Lack of coherent format of strategic documents
  - Finding indications between documents
  - No programing documents
  - Reports include little of actual project activities (lack of transparency)
Private sector – Research objective

- **Research objective**: To analyze the current state of **private sector participation in development aid** in order to suggest measures for achieving more sustainable development results.

- **Context**: The role of private sector as a development actor – it contributes directly to **poverty reduction** through creating **employment opportunities** in developing countries (**poverty reduction is the core element of the MDGs implementation**).
Private sector - what can we expect from EU NMS private companies?

- Traditional scepticism about „business motives” among public development actors and NGDOs (Powell, 2010)

- The motives of DA could be altruism (Comte, 1830), diplomacy, commercial interest and domestic politics (Lancaster, 2007)

- „NMS put the emphasis on the transfer of transition experience to other post-communist countries, especially on the EU's Eastern and South-Eastern borders;(...) they tend towards development co-operation with countries with which they have either geographical or historical ties” (TOR:2).

- Particular problem: private actors’ distrust in government development policy (e.g. unfair competition)
Private sector - **who** are the Hungarian private actors involved in international DA?

- **Step 1:** identification of relevant **channels** (investment, services and goods) and the relevant **countries**

- **Step 2:** identification of the relevant **products** and **services**

- **Step 3:** identification of the relevant **companies** and the relevant business and employers associations as **organized representatives of the private sector companies**
Private sector – selection criteria and selected countries

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<th>Selection criteria→ Countries ↓</th>
<th>Trade volume</th>
<th>Declared foreign policy preference</th>
<th>ODA allocation level</th>
<th>Country of Western Balkan or Eastern Partnership</th>
<th>Historical development ties</th>
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Private sector – trade profile of Hungary vis-à-vis the 15 selected DA countries

**Exports, EUR million (2012, Jan.-June)**

- Ukraine
- China
- Serbia
- South Africa
- Mexico
- Bosnia and Herzegovina
- India
- Brazil
- Kazakhstan
- Macedonia
- Egypt
- Nigeria
- Montenegro
- Vietnam
- Kenya

**Trade Balance / Exports (%)**

- Nigeria
- Kenya
- South Africa
- Egypt
- Macedonia
- Serbia
- Bosnia and Herzegovina
- Kazakhstan
- Brazil
- Ukraine
- Mexico
- Vietnam
- India
- Montenegro
- China
Private sector – trade of goods

- **South-Eastern European countries**: high surplus, significant machinery and pharmaceutical exports; agricultural and foodstuff products (Bosnia and Herzegovina), energy provision to Serbia. Deficit vis-à-vis Montenegro because of the outstanding volume of imports from aluminum and articles thereof.

- **Ukraine and Kazakhstan** (main CIS partners): also significant machinery and pharmaceutical exports as well as food and plastic-manufacturing exports. Smaller trade surplus because of the high energy imports (Kazakhstan) and the balanced trade in machinery with Ukraine.

- The two largest Latin-American countries (Brazil and Mexico): moderate surplus. Global machinery products dominate the Hungarian exports, Brazil provides a large volume of prepared foodstuff and leather products.

- **African countries** (Egypt, South Africa, Kenya, Nigeria): unbalanced trade, extreme surplus, exports of machinery products, organic chemicals, plastic articles, textile products, ceramic products and furniture. Moderate volume of imports only from Egypt and South Africa practically no imports from Nigeria.

- **Asian countries** (China, India, Vietnam): global trade flows dominate, extreme deficit vis-à-vis China. Machinery products dominate, significant trade of chemical products with India and food, pharmaceutical, chemical and furniture articles with Vietnam.

- Only few companies are involved
- Measurable service activities only in neighbouring countries
- Decision-making headquarters of the most important companies are in the countries of the ultimate owners (Germany, US)
- Employment recruitment in recipient countries are negligible ones therefore corporate-employment-policy-related questions might be practically irrelevant
- In general, dubious results can be expected from the survey because of the particular composition of the units of the research
- But the interviews and the focus group discussions may provide valuable information
Thank you! 😊

☐ Questions?
☐ Comments?