



# MILLENNIUM CAMPAIGN

VOICES AGAINST POVERTY

## What about Austria?

### Austria and the Millennium Goals



At the Millennium Summit in 2000, world leaders committed themselves to the achievement of 8 Millennium Development Goals (MDGs) by 2015. Read what record Austria has on [aid](#), [trade](#), [debt](#) and what the Austrian [people think](#).

### Austria and the Global Deal

At the Millennium Summit in 2000, world leaders committed themselves to the achievement of 8 Millennium Development Goals (MDGs) by 2015. Both rich and poor countries agreed to work towards the eradication of extreme poverty and hunger, the elimination of gender

inequalities, the prevention of environmental degradation, the prevention and treatment of HIV/AIDS, and the provision of education, healthcare and clean water. Since then the MDGs have had a catalytic effect on global development, because of their simplicity, accessibility, and because progress against them is easily monitored.



The MDGs involve a Global Deal between rich and poor countries: poor countries pledged to reform policies, improve governance, and to channel resources to development objectives, as embodied by the first 7 Goals. Rich countries, for their part, promised to deliver more and [more effective aid](#), [faster and deeper debt relief](#), and [fairer trade rules](#). Rich country commitments are, in particular, outlined in the 8th Goal.

## So how well is Austria doing in meeting its part of the Global Deal?

### Austria's record on aid

#### Aid volume

- On aid volume, Austria is among the worst performing of OECD donor countries with overseas development assistance (ODA) representing only 0.24% of gross national income (GNI) in 2004. This means that Austria has the third lowest ODA share among the EU-15 with only Greece and Italy behind it. This poor performance is particularly unfortunate given the high degree of public support in Austria for development cooperation.
- In 2002, Austria committed to increasing its ODA to 0.33% of GNI by 2006. Austria continues to reaffirm this commitment, even though it has done little to systematically increase development outlays since 2002.
- In May 2005, Austria joined other EU-15 countries in a commitment to increase ODA and achieve the international target of 0.7% of GNI by 2015. The EU-15 set a minimum intermediate target of 0.51% for individual countries for 2010. Unlike other EU-15 countries, Austria has not yet announced a detailed

implementation schedule for achieving this commitment.

- While Austria's renewed commitment to increasing ODA by 2006 is good news, this commitment represents a 40% increase in expenditure over projected levels for 2004, which is likely to represent significant budgetary and administrative challenges. Over the medium-term, Austria should develop a clear strategy and growth path for its increases in assistance, particularly as ODA currently includes a high level of debt relief which is set to decline over the medium-term.



### **Aid quality**

- While 43% of Austria's aid goes to low-income countries, a larger share - 44% - goes to middle-income countries.
- In terms of sector focus, while 20% of Austrian aid goes to education, only 1% of this goes to basic education.
- Austria is a very small donor to UN funds and agencies, even relative to its economic weight.
- Austria has one of the highest percentages of tied aid among the OECD donor countries. In fact, the OECD notes that there is a risk of "misuse of ODA for promoting Austrian firms." Further, in a recent EU questionnaire, Austria noted that it was unwilling to enter into a new discussion in the OECD on the further untangling of aid.
- The 2002 Federal Act on Development Cooperation includes a strong commitment to poverty and to the achievement of the MDGs, but this still remains to be fully operationalized and reflected in the allocation of resources. A large share of the aid budget goes to middle-income countries and a poverty focus is further hindered by the fragmentation of the aid program over a large number of countries and sectors, although the Austrian authorities working towards greater concentration. Longer-term financial planning is also required to make Austrian aid more predictable.
- In recent years, a number of institutional changes have been made to aid administration, including the creation of the Austrian Development Agency (ADA) to administer the bilateral aid of the Ministry of Foreign Affairs (MFA). Nevertheless, the MFA only handles around 22% of Austrian bilateral aid, with the rest going through 7 other federal agencies. In the absence of a further consolidation of aid under the MFA/ADA, there needs to be a more formal process of coordination, and a strengthening of the capacity of the MFA to ensure coherence on development policies across the federal government.
- Austria has committed to both the Rome and Paris declarations on aid harmonization and alignment of aid policies and procedures to those of recipient countries. However, these commitments still remain to be operationalized.

### **Austria's record on debt relief**



Austrian debt relief, which has been one of the largest components of Austrian ODA in recent years, has been provided under the international HIPC initiative and through Paris club agreements. Along with other EU-15 countries, Austria is committed to 100% debt relief on eligible claims for HIPC countries under the international initiative.

Unfortunately, according to a recent EU survey, Austria does not however have any

particular position on additional bilateral and multilateral debt relief.

Further, Austria was among a small group of countries that wanted to phase the additional multilateral debt relief proposed by the G8. This would have implied new hurdles for countries that had already completed the requirements for full debt relief under the HIPC initiative.

### **Austria's record on trade**

As part of the European Union, Austria implements the European Union's common agricultural and trade policies. These policies are implemented and initiated by the European Commission but heavily influenced by Member States.

Most problematic is agricultural policy, which provides subsidies for both the production and export of agricultural commodities, which lower world prices and limit earning opportunities for farmers and rural communities in poor countries. Support levels are slowly declining as a result of gradual reform of the common agricultural policy. Nevertheless, in 2004, public support for producers in the EU still represented 33% of gross farm receipts - this is above the OECD average. There is also a gradual shift towards the use of less distorting forms of producer support, notably a shift away from market price support and output-based payments, but these still form the majority of support. Nevertheless, total support to the agricultural sector costs the EU countries 1.2% of GDP. Considering that the average EU-15 country only spends 0.46% of national income on ODA, the level of agricultural support is staggering.

Austria is one of the EU countries that wishes to maintain the current model of European agricultural policy.

Almost all exports from the least developed countries face duty and tariff-free access to the European Union market. While there are only a few exceptions to this free market access, three excluded products - sugar, rice and bananas - are important agricultural products for poor countries.

In addition, strict rules still make it difficult for goods from poor countries to gain access to the EU market. In the textiles sector, for example, rules of origin prevent poor countries which import fabric to produce clothing from selling these final products to the EU.

For poor countries which are not among the least developed, market access can still be restricted due to high tariffs, particularly on manufactured goods where tariffs on poor country exports are often higher than equivalent tariffs on goods from rich countries.

### **Austrian public opinion**

Awareness of the MDGs is very high in Austria, with 18% of the population aware of the goals. Public opinion is also generally favorable to development cooperation.

Principal sources: [OECD DAC country peer review](#), [OECD reports on agricultural and trade policies of OECD Countries](#).

The Millennium Campaign [www.millenniumcampaign.org](http://www.millenniumcampaign.org) informs, inspires and encourages people's involvement and action for the realization of the Millennium Development Goals. An initiative of the United Nations, the Campaign supports citizens' efforts to hold their government to account for the Millennium promise.

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