

## How Can Co-Sponsorship Provide Aid Effectiveness and Foster Awareness in Cyprus?

### HOW EFFECTIVE IS DEVELOPMENT ASSISTANCE WITH A FOCUS ON THE PRACTISE OF DELEGATED COOPERATION BY THE EUROPEAN UNION MEMBER STATES, IN TERMS OF ITS IMPLEMENTATION BY THE REPUBLIC OF CYPRUS?

Within this context of this paper, CyprusAid, the Development Assistance Service of the Republic of Cyprus, is examined. Whether the service functions as initially conceived and intended, as well as whether CyprusAid is able to ensure aid in an effective manner, whilst providing encouragement and knowledge to NGO's in the Cypriot community are queries put forth. It is inherent that both effectiveness and public awareness are equally important in order to incite public support for Official Development Assistance, at a time of financial turbulence and fiscal austerity. Citizens must therefore be well informed and aware of the outcomes produced by the use of their dedicated resources.

CyprusAid is commended for undertaking the majority of its ODA through DC projects with other EU member states. It is further acknowledged for providing assistance to projects related with areas where Cyprus has a comparative advantage, those areas being education and health.

Nonetheless, many challenges persist in the implementation of DC agreements in Cyprus. To allow civil society to rally round the service, a consultative body was created involving all stakeholders. Yet, since the creation of the service in 2005, the consultative body has never been called to take part in the service's activities. In 2010 for example, the CyprusAid strategy programme had ended and was re-adopted without calling on the consultative body to make an assessment of the outcomes of the elapsed strategy. Additionally, there exist certain legal weaknesses in the formation and operation of CyprusAid that need to be addressed. Consequently, NGOs and civil society are left out of the ODA process.

This has important consequences, as lack of consultation with civil society, NGOs, local experts and academics, who can aid in assessing and developing programmes, can result in CyprusAid losing opportunities to promote the long term aims of development cooperation competency in Cyprus.

Furthermore, it should be noted that development projects designed by Cypriot NGOs do not appear to be considered either for ODA funding or DC agreements with other EU partners. Not only do Cypriot entities not bid for projects, but there is not even active participation in selected DC projects by Cypriot entities, thus CyprusAid's involvement remains in purely financial terms, limiting Cyprus' chances to be involved in development cooperation. Consequently, capacity building and public support are either entirely lacking or at a minimum. However, as the report argues, DC can be an effective way to promote capacity building, civil society involvement and prolific project participation.

Delegated cooperation as currently implemented by CyprusAid creates important issues over the effectiveness, viability and sustainability of development aid in Cyprus, especially in the present difficult economic environment. The programme needs to be reassessed and aligned with the long term interests, capabilities and visions of Cyprus with respect to development aid. The report, thus, provides practical suggestions to improve the awareness and aid effectiveness of the CyprusAid service, briefly summarised below:

1. Where Cyprus is a member in DC projects, aid should not only be financial but capacity needs to be increased to allow the actual undertaking of at least part of a project;
2. A tender information system should be created for DC projects in which CyprusAid is involved, so as to allow civil society to tender for projects. CyprusAid could also serve as a development assistance portal and a development cooperation hub for local entities.
3. The Consultative Body's role should be upgraded without delay so as to actively undertake its purpose to review and update CyprusAid's strategy and future policy.

4. Government departments that can contribute to planning, implementation or evaluation should be actively involved in projects.

## **Introduction**

Delegated cooperation, in its objective to enhance aid effectiveness and moderate costs for partner and donor countries, is viewed as a better way to provide aid, create awareness and build aid capacity, particularly in new EU member states.

Since its accession to the EU, Cyprus maintains a budgetary level of Official Development Assistance at agreed levels; it has also established CyprusAid as the Republic's Development Cooperation Service.

CyprusAid aims to promote and advance development assistance in Cyprus through delegated cooperation - silent partnerships - which implies the implementation of projects in partnership with other EU member states or international organizations, as well as the cooperation with government departments and civil society organisations.

## **Aims and Objectives**

The policy paper aims to review the current delegated cooperation framework and how it has been implemented in Cyprus. It also seeks to provide practical suggestions for improvements that can be introduced to heighten development effectiveness, to create public awareness and to build local capacity in development issues.

More specifically what is sought is to recommend how to:

- Better deploy existing strengths and synergies in developing a long term policy for Cyprus.
- Publicize and promote project results.
- Enable Cyprus to increase its capacity in delivering effective aid.
- Actively engage civil society in the inception, development and implementation of development aid projects.

It seems that less emphasis should be placed on the ratio of Official Development Assistance to Gross National Income, as it is a measurement that does not reflect the capability of running development projects<sup>1</sup>. In times of serious government budget reductions, scrutinizing resource use and ODA results with specific and accurate performance measures is crucial and it not only increases ODA success rates, but it also attracts more citizen support.

In order for development aid to be effective, partner countries need to be provided with aid in a productive and efficient way, while at a local level, transparent exposure of the benefits of this assistance needs to be at the forefront, so as to gain the society's support and cooperation.

In the following chapters, a review of DC in theory, and as practised by CyprusAid, will be made, while improvements will be suggested so as to further introduce practical measures that can be undertaken to advance Cypriot ODA delivery, based on the objectives outlined above.

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<sup>1</sup> Horky, Ondrej, (2006) "Development policy in the new EU member states: Re-emerging donors on the way from compulsory altruism to global responsibility" from 4<sup>th</sup> Convention of CEEISA, University of Tartu, Estonia 25-27<sup>th</sup> of June

## Delegated Cooperation

*Official Development Assistance (ODA) is a flow of official (governmental) financing administered for the promotion of economic development and welfare of developing countries*

Donors' cooperation within development projects produces numerous gains, and more importantly efficacy and better results. That is exactly the objective of delegated cooperation, to make development aid more effective.

Delegated cooperation can be described as an aid methodology whereby aid donors entrust a desired level of their development funding to another donor. Therefore, pooling funds creates economies of scale, the combination of more resources and competencies, avoiding duplication of effort and resource use, better coordination, waste minimization, etc. It is also beneficial for the partner country, in that it has only one partner to deal with.

OECD/DAC gives a broader definition of delegated cooperation with the following statement: *"...when one donor (a "lead donor") acts with authority on behalf of one or more other donors (the "delegating" donors or "silent partners"). The level and form of delegation vary, ranging from responsibility for one element of the project cycle for a specific project (e.g. a particular review) to a complete sector programme or even a country programme."*

The OECD/DAC has composed best practises for delegated cooperation, widely adopted by European aid organisations, as for example the Nordic Plus, an organisation that promotes cooperation and harmonization among Denmark, Finland, Ireland, The Netherlands, Norway, Sweden, UK and Finland who have agreed to mutually approve each other as potential partners for delegated cooperation arrangements<sup>2</sup>.

Delegated cooperation efforts, as per the Nordic Plus, are intended to<sup>3</sup>:

Reduce transaction costs between donor and partner countries by reducing the duplication of infrastructures.

Pool resources dedicated by donor countries.

Increase aid efficiency through effective project division and delegation to donor countries as per their comparative advantage.

Other key principles of effective delegated cooperation are indicated in Table 1<sup>4</sup>.

Delegated cooperation projects are typically administered by a lead donor, in cooperation with any number of silent partners. In practical terms, a DC project would be formed either by a lead donor reaching an agreement for

a development project with a partner country, or by a partner country requesting assistance for a specific project. The lead donor then calls for "silent partners", indicating the desired areas and level of expertise.

Traditionally, both the silent partners and the lead donor have provided aid for the project in financial terms. However, recently this has changed to allow all partners to undertake the actual implementation of the project jointly. Pooling resources, financial, physical and experiential, allows each donor to concentrate in a specialized area, capitalizing on their respective comparative advantages and increasing aid effectiveness. Consequently, DC is more than just financial cooperation of the donor governments.

<sup>2</sup> These are seen both in the document above, but best in summary form in: Nordic Plus, (2006) *Practical Guide to Delegated Cooperation*, (Norad: Oslo) pp. 8-9

<sup>3</sup> Norad, (2010) *The Use of the Nordic Plus Practical Guide to Delegated Cooperation* (Norad: Oslo) p.3

<sup>4</sup> Nordic Plus, *Practical Guide* (2006), OECD/DAC, (2003) *Harmonising Donor Practises*

## The EU and Development Cooperation

Over the years, the European Union has funded a large number of development projects all over the world, making it the world's largest donor of official development assistance. Development in fact has been made a central part of EU's external action and its primary objective is to reduce poverty in a sustainable manner.

**TABLE 1: Principles of Delegated Cooperation (a non exhaustive list):**

- 1. Donors should agree on shared objectives.**
- 2. The partner country should be consulted on the delegation arrangement proposed.**
- 3. Donors should adhere to their agreed roles and procedures.**
- 4. Arrangements should be as simple and transparent as possible.**
- 5. Arrangements should be based on mutual trust and understanding.**
- 6. Common procedures should be established and.**
- 7. Each Donor should have a clear, shared understanding of their respective roles and responsibilities.**
- 8. The Lead Donor will act with authority on behalf of the “Silent Partners” when interacting with the Partner Country, unless previous limitations have been agreed.**
- 9. General principles and guidelines should be followed by all countries participating in a project, i.e. the lead donor, the “Silent Partners”, the partner country, etc.**
- 10. The Lead Donor is accountable to “Silent Partners” and should keep them informed and updated of issues arising, progress and results produced, while it should also help them in raising awareness for the overall action.**

[Based and adapted from the OECD/DAC “Good Practises” and the Nordic Plus Practical Guide to Delegated Cooperation.]

Sharing the global vision set by the UN's eight Millennium Development Goals (MDGs) and demonstrating its commitment to their achievement, the EU, in cooperation with its member states, set financial targets for development funding and dedicates 6% of its budget for this purpose.<sup>5</sup>

EU has also set a common vision of development among its member states with the signing of the European Consensus on Development in 2005. Its contributions are aimed at responding to developing countries' needs; promoting the respect of human rights, democracy and good governance, peace and the rule of law, as examples of some areas of intervention.

<sup>5</sup>European Commission (2011) Europe Aid, “EU budget and external cooperation” [http://ec.europa.eu/europeaid/how/finance/mff/eu-budget\\_en.htm](http://ec.europa.eu/europeaid/how/finance/mff/eu-budget_en.htm)

## The Challenge for New EU Member States

New member states face particularly challenging conditions in stepping up to meet their agreed responsibilities in Development Cooperation.

ODA monetary requirements were set at the International Conference on Financing and Development held in March 2002 in Monterrey, and with the “Barcelona Commitments” of the European Union, which state that:

- Member states should determine a timeframe to reach the UN target of 0.7% ODA to GNI by 2015. For new EU member states (such as Cyprus) the level of ODA to GNI was agreed to 0.17% in 2010 and 0.33% in 2015.
- At the same time efforts to improve aid effectiveness will be undertaken through closer coordination and harmonization with other governments.

While significant improvements are taking place in increasing the quantity of assistance (ODA/GNI), the quality of the support provided needs to improve. There is further the need to renew development infrastructure, in order to facilitate aid delivery, as well as increase awareness as to the reasons such aid is needed<sup>6</sup> and incite the public’s interest and support, as well as the civil society’s participation.

Furthermore, as mentioned above, the EU promotes the fostering of a comparative advantage in development assistance implementation by each member state, encouraging not only efficiency through specialization, but the creation of synergies and constructive partnerships. Successful DC agreements thus, enable each country to provide a part of the whole for a particular development project, and the undertaking of leading roles in areas where it has knowhow and expertise.

This cooperation among donor countries follows some basic principles, identified by the OECD/DAC, which has also emphasised that, procedure harmonization is necessary in order to reduce the burden on partner (host) countries<sup>7</sup>.

Furthermore, one more factor adding to a successful donors’ cooperation among the newer EU members, is to remain in tune with the needs of the developing world on the one hand, and to promote public awareness and the development cooperation results on the other.

### CyprusAid

As one of the newer members of the EU, the Republic of Cyprus has set up CyprusAid, with a minimal structure and without substantive bureaucratic configurations. CyprusAid’s mission is to administer the funds dedicated to development, serving at the same time as a liaison among other governmental bodies, civil society and the public, in order to fortify its ability to manage development assistance projects. It has also aligned its activities with more experienced organizations, in order to maximise its effectiveness in the short run, while it continues to build up its competences.

CyprusAid was established in 2005 with a council of ministers decision. It constitutes a legal entity of the government however its current formation and structure are still pending a more permanent shape until relevant legislation is passed. Thus, CyprusAid is currently co-directed among different ministries in a formation which includes a Coordination Body headed by the Minister of Foreign Affairs, along with the Minister of Finance and Permanent Secretary of the Planning Bureau as members, a second body, named the “consultative body” that is headed by the Permanent Secretary of the Ministry of Foreign Affairs, with the participation of representatives from other ministries and the Planning Bureau and a representation from the civil society, with a representation of NGOs.

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<sup>6</sup> Trialog, (2011) “A Bulletin on EU Enlargement and NGOs No.8” [http://www.trialog.or.at/images/doku/trialog\\_bulletin2011.pdf](http://www.trialog.or.at/images/doku/trialog_bulletin2011.pdf)

<sup>7</sup> OECD/DAC, (2003) *Harmonising Donor Practises for Effective Aid Delivery* (OECD: Paris) p.15

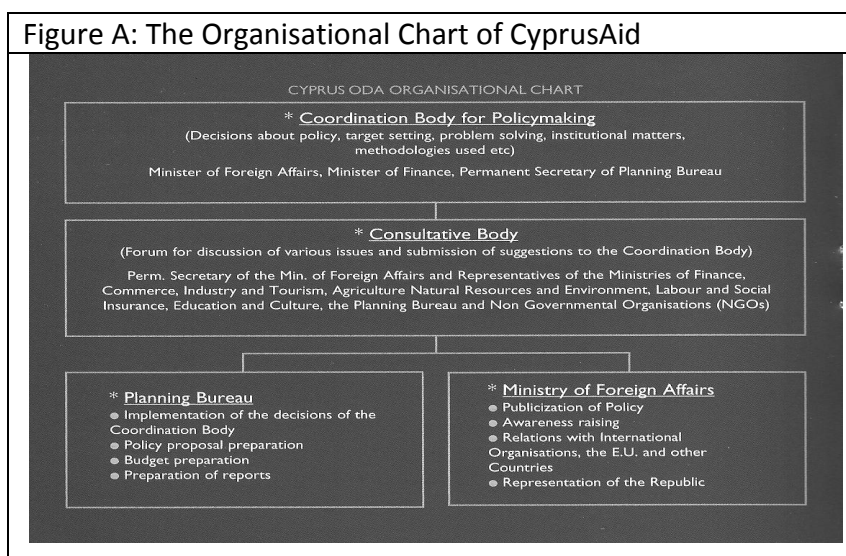
CyprusAid “functions within the framework of a policy making mechanism”,<sup>8</sup> which aims to drive Cyprus’ Official Development Assistance. Thus, aside from the Coordination Body mentioned above, which is charged with setting quantitative, territorial and sectoral targets, the consultative body other body acts in a consultative capacity, therefore the Planning Bureau has policy preparation, administrative and implementation responsibility and the Ministry of Foreign Affairs represents the Republic abroad and is responsible for awareness raising locally. More details relating to CyprusAid’s organizational structure are presented in Figure 3 which depicts CyprusAid’s Organizational Chart.

The Coordination Body is actually the key decision maker as regards issues of development. As mentioned, its members include the Ministers of Foreign Affairs, Finance and the Permanent Secretary of the Planning Bureau. CyprusAid implements the Coordination Body’s decisions in funding distribution, donor and partner countries’ selection and other parameters set for development projects. Aid is provided both bilaterally with host nations and increasingly through delegated cooperation agreements with other EU countries as silent partners.

Humanitarian assistance is also under the auspices the coordination body, but funding is independent of CyprusAid, as it is undertaken under the sole auspices of the Ministry of Foreign Affairs.

The way responsibilities and duties are distributed among the different ministries and the lack of permanent staff, generate a number of challenges for CyprusAid. Firstly, the Consultative Body has not had an active role, neither in CyprusAid’s strategy setting, nor in creating the synergies that spur out of the civil society’s participation. Actually, the consultative body has never been called to function as such, depriving CyprusAid of enriched strategy assessment, when, for example, the initial strategy had expired in 2010. Furthermore, CyprusAid has been a standalone service separated on the one hand from sources of knowledge, as for example civil society organizations, and on the other from the community of Cyprus which remains, for the most part deficient and and uninformed of CyprusAid’s activities and contributions. As a result, it is argued that the service’s effectiveness and capacity are jeopardised, leading to major shortfalls in project implementation, as well as awareness building locally and abroad. The organisation itself is aware that many issues are encumbered by its legal status, and awaits the passing of a more comprehensive legal framework from the houses of parliament.

The CyprusAid service should urgently acquire a formal legal status, so that its remit, organization, accountability and responsibilities are clearly stated, allowing it to be liable to the Office of the Commissioner for Administration (Ombudsman).



<sup>8</sup>CyprusAid Brochure, published by the Planning Bureau in 2007.

Furthermore, the division of duties among the participating ministries needs to be explicit and to become concerted and targeted to the desired results. For example, although the Ministry of Foreign Affairs is responsible for publicising project results and creating awareness, the website of the service is part of the Planning Bureau and has not been updated since 2009.

As a result, the website does not serve as a portal of information, neither for donor countries and development practitioners, nor for partner countries' nationals who may be interested, for example, in the scholarships offered by CyprusAid, making it actually difficult for potential candidates to know whether any are available in the present or in the future.

To conclude, CyprusAid is hampered by the current legal deficiencies, unclear organisation remits and lack of transparency within its organizational structure. A new strategy needs to be devised with the participation and guidance of the consultative body and all relevant information should be disseminated through a reorganized and user-friendly website.

## **Cyprus and Development Cooperation**

To this date, Cyprus' participation in DC agreements has largely been financial. Its lack of capacities has prevented Cyprus from assuming an active role in the implementation of a DC project. However, it is a misconception to believe that this is as far as Cyprus can go in terms of its Development Cooperation. In fact, it can use its past experience – surviving the violent restructure of the Republic's economy in 1974, serving for the varied needs of the misplaced and refugees and managing the restitution of its production base – to further accumulate and enhance its experience and knowledge with developing countries and thus change its development assistance potential.

Cyprus can therefore begin reaching this endeavour by bringing together experienced professionals from all fields, such as academia, government, civil society and NGOs, to enable greater capacity building that will allow it to claim a role in the implementation process and make its DC contributions be more effectual.

Furthermore, creating awareness among the public is crucial for the long term success of Cyprus' aspirations in development.

There is a grave concern that Cypriots are not fully aware of Cyprus' development aid activities and funding. In fact, Cyprus is the second from last of all new European States in terms of awareness in the EU's efforts to provide aid development in the third world, with only 43% of respondents having knowledge of such efforts<sup>9</sup>,

The current use of DC does not create the necessary chain reaction to ensure that development ability and awareness are increased. Thus, CyprusAid, as Cyprus' development cooperation service, needs to acquire more exposure, both within the population in order to gain support, but also with the aforementioned stakeholders, so that it can achieve a constructive exchange of knowledge and best practices to achieve greater cooperation with other donors.

Among all stakeholders, civil society's role should be stressed, as it is a readily available resource that can be of great assistance to CyprusAid and its desired venture to expand its contribution in DC projects beyond the financial requisites. This cooperation with civil society organizations should be made part of the overall

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<sup>9</sup> European Commission, (2007) *Citizens of the new EU Member States and Development Aid* p.3

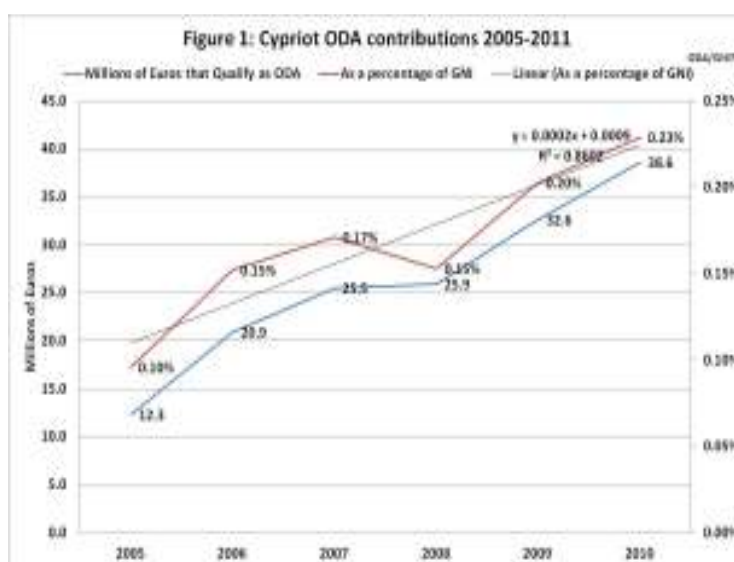
strategy, particularly in increasing competencies in fields it deems appropriate to pursue as an expert, such as education and health.

## Cyprus and Official Development Assistance

Cyprus must be commended for its effort to increase its monetary contribution in terms of ODA as seen in Figure 1. Barring a possible reduction due to fiscal austerity, Cyprus is on course to honour its financial commitments in terms of ODA to GNI. If the current trend is maintained, Cyprus will reach the agreed 0.33% of ODA to GNI by 2015.

When the Cyprus' ODA is broken down to its component parts, it is clear that the aggregate ODA/GNI can be misleading.

Most of the reported Cypriot ODA is actually normal government expenditure (e.g. expenditure related to asylum-seekers), of which little, if any, seems to have been received by partner countries. The direct aid of Cyprus to less developed countries<sup>10</sup> is therefore substantially lower than the ODA reported.



Source: Statistical Service of the Republic of Cyprus, National Accounts 1995-2010; CyprusAid *The Development Cooperation Service of the Republic of Cyprus* (Nicosia: Planning Bureau, 2009) CyprusAid, Private Correspondence, January, 2012.

Cyprus is not the only country to include normal government expenditure as part of its ODA. However with such expenditure being approximately 49% of Cypriot ODA, there is a serious concern that ODA/GNI can create an "Aid Inflation", whereby the ODA reported does not correspond to the actual transfer of funds to developing nations<sup>11</sup>. This creates a serious impediment to the increase of Cypriot aid effectiveness, something that was brought up by Aidwatch in their recent report<sup>12</sup>.

<sup>10</sup> Concord. (2009). *Lighten the load: In a time of crisis, European aid has never been more important*. (Concord: Brussels:).

[http://www.concordeurope.org/Files/media/internetdocumentsENG/3\\_Topics/Topics/Aidwatch/AidWatch-report-2009\\_light.pdf](http://www.concordeurope.org/Files/media/internetdocumentsENG/3_Topics/Topics/Aidwatch/AidWatch-report-2009_light.pdf)

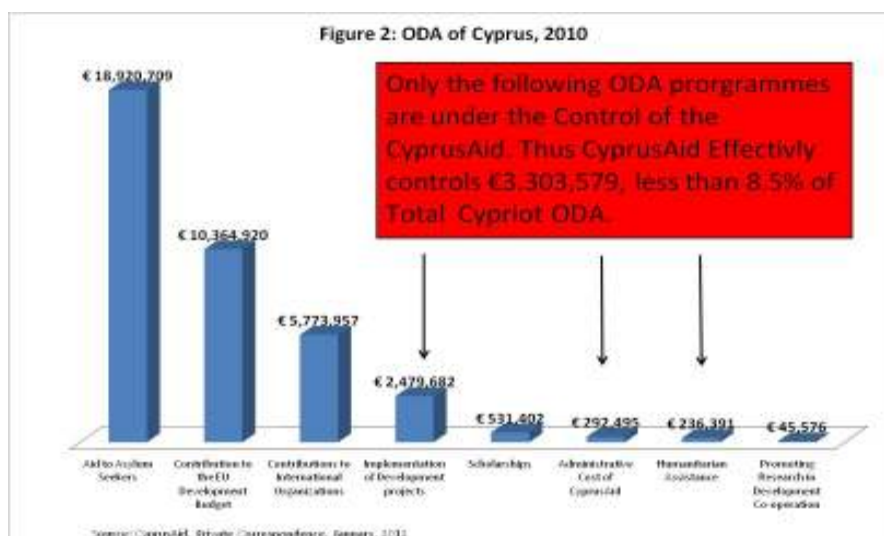
<sup>11</sup> Perroulaz, Gerard, Fioroni, Claudie, Carbonnier, Giles, (2012) "Trends and issues in international development cooperation », *Revue internationale de politique de développement* 142

<sup>12</sup> Concord. (2011). *Aidwatch: Cyprus* (Concord: Brussels).

<http://aidwatch.concordeurope.org/static/files/assets/7b704ea7/Cyprus.pdf>



It is unfortunate that CyprusAid does not control the majority of the reported ODA of Cyprus. As Figure 2 shows, CyprusAid controls only 8.5% of the Cypriot ODA. Thus, despite the willingness of CyprusAid to channel funding to delegated cooperation projects, a limited amount of the ODA is available.



## CyprusAid and Delegated Cooperation

Not long after its inception, CyprusAid was already engaging in delegated cooperation projects either as a lead donor or as a silent partner. As stated in the CyprusAid 2009 brochure “the rationale behind the decision was that cooperation with other donors enables Cyprus to gradually build up its aid delivery and know-how while at the same time it ensures that Cypriot aid is benefiting partner countries from the onset of Cyprus’ engagement in the sector”<sup>13</sup>.

Over twenty delegated cooperation projects have been identified, which CyprusAid supported, either as a lead donor or as a silent donor. CyprusAid has cooperated thus with a number of other EU member states, International Organisations and Non-Governmental Organizations (NGOs) from all over Europe. CyprusAid considers DC agreements it has implemented as successful and it aims to considerably increase its role in the future<sup>14</sup>. Surprisingly, in the majority of DC projects undertaken by CyprusAid, it was the lead donor. Table 2 below depicts a number of projects in which CyprusAid participated.

Under the OECD/DAC best practise guidelines, being a lead donor demands great responsibility, entailing duties such as, communicating with the partner country on behalf of all silent partners, undertaking parts of the project, coordinating with all parties for the successful implementation and evaluating the project’s success, etc.

It should be clarified that CyprusAid has been the lead donor in delegated cooperation development projects by only contributing financially, without actually undertaking the responsibility of the lead donor as suggested by the abovementioned best practise guidelines. Assistance in aid delivery is provided by a silent partner, who steps in and assumes the actual lead donor responsibilities in all respects.

<sup>13</sup> CyprusAid (2009) p.11

<sup>14</sup> Ibid.

**Table 2: Recent Delegated Cooperation Agreements of CyprusAid (Lead Donor in Italics):**

Bosnia – Herzegovina: Finance the Project -subcomponent “Construction of border crossings”, of the project “Improving Trade of Animals and Products in Bosnia and Herzegovina”; with the collaboration of the Government of Sweden. (2011-2013) **€850,000.**

Guinea and Malawi: *“Prevention and Treatment of HIV/AIDS in Guinea (Conakry)” & “Fighting Malnutrition on people affected by HIV/AIDS in Malawi, with collaboration of the “Community of Saint Egidio” (2010-2011) €500,000.*

Lesotho: *Construction of Lerotholi Polytechnic, with collaboration of the Government of Ireland (2010-2011) €440,000.*

Lebanon: *Humanitarian Mine Action; with International Trust Fund for Demining and Mine Victim Assistance. (2010) €200,000.*

Mali: Construction of the access roads to the bridges built under the PROFK I program, namely the road bridges in the circles of Banamba (village of Diassani, Commune of Banamba), Dioïla (village of Kôbli, Commune of Ténindougou) and Kangaba (village of Sélinkegny, Commune of Minidian) in the Koulikoro region, with collaboration of the Government of Belgium. (2010-2011). **€400,000**

Yemen: *Programme Support to Reproductive Health in Yemen, by Marie Stopes International in Yemen, with the collaboration of the Government of Denmark (2008-2012). €2,000,000*

Nepal: Global Climate Change Alliance (GCCA) contributor (2010) **€400,000.**

What is concluded from CyprusAid’s journey these first seven years of its existence in the field of development is that it has swiftly adjusted to its assigned duties and successfully managed to establish its role. Its positive results and contribution are all the more encouraging and a proof to a consistent acquiring of knowledge and experience in development cooperation. However, further improvements can be introduced in order that CyprusAid fulfils its aspirations to practise a lead donor’s responsibilities fully and to expand its level of contribution beyond the financial means. CyprusAid must control a greater share of what the Cypriot government classifies as assistance. CyprusAid needs to continue its work, however profiting from the many more resources the civil society can offer so that it can strengthen its position in project delivery to take on the actual implementation of many more projects. Where it may lack the skills, it can call upon other government departments, academic institutions and NGOs to bring their expertise and ensure the successful administration and implementation of DC projects.

## **Delegated Cooperation and the Involvement of the Cypriot Civil Society**

As has previously been mentioned, whereas CyprusAid undertakes a number of DC projects as a donor or silent partner, it still lacks a more rigorous involvement from civil society. However, as can be seen from other European DC projects, civil society can have a value adding role. Thus, private businesses and NGOs have been seen to fulfil DC agreements and to undertake international tenders. The civil society’s involvement is, most often, determined by the lead donor, who in essence will establish the tender requirements and how they will be awarded and decide the evaluation criteria for the desired results.

However, it seems that CyprusAid is not disseminating information on international tenders for which it is the lead donor. This makes it very difficult for Cypriot private companies, consultancies and NGOs to get involved with any work supported by CyprusAid as they are not being included in the tender process. Furthermore, CyprusAid seems to not impose any restrictions, effectively outsourcing development assistance to other countries, potentially participating only as silent partners in the development project.

This may undermine the development community in Cyprus which has been established and diligently working since 2005. NGOs in Cyprus have successfully been bidding and running European development advocacy projects, and hence they should be more actively integrated in the delegated cooperation projects for which Cyprus is a donor.

Being a lead donor in delegated cooperation projects presents enormous opportunities for effective aid delivery, the gradual building of Cypriot development capabilities and awareness, the promotion of civil society involvement and the enhancement of Cyprus' comparative advantage in projects relating to education and health for example, as well as other areas that cooperation and knowledge sharing with the civil society can bring.

## **Challenges and Ways to Improve Delegated Cooperation in Cyprus**

As has been seen, despite Cyprus' smooth transition from recipient to donor and its commended ability to enter the development assistance field with immediacy, there is room for improvement and more efforts can be made in certain areas, in order to achieve further advancement in the field. The current functioning of CyprusAid and Cyprus' participation in delegated cooperation projects reveals a few noticeable implications, as briefly outlined below. Further analysis of each one will follow.

1. It undermines the desire for a long term vision in development and restricts CyprusAid's capacity building.
2. There is a shortfall in the tender procedure, whereby CyprusAid projects are deficient of public awareness and a user-friendly tender information system.
3. There is no support for Cypriot organisations, bidding for development projects, whereas there should be a formalized process to promote and support their exposure within the European development community, their funding and project awarding.
4. A lead donor's role not entirely fulfilled may be compromising not only to the project itself but to the accountability owed to the taxpayer as well.
5. There is a need for intensified awareness building within Cyprus, both regarding CyprusAid and its actions, and the development assistance field.

It should be noted that as law governing both the CyprusAid Service and NGOs in Cyprus is in need of revision and modernization, the current challenges outlined above are examined under the assumption of the existing law. However, it is firmly believed that the legal structure should be reconsidered and reframed with no further delays.

### **1. Long term vision in development and capacity building.**

To its credit, CyprusAid has publicly stated that the current delivery of development assistance, currently being solely in financial terms, is temporary and "Cyprus is working towards the direction of creating its own project implementation mechanisms"<sup>15</sup>. As a long term vision, it is commendable to aspire to a greater role in development. Shortfalls seen in skill deficiencies can be overcome simply by better organization and planning, as the civil society of Cyprus already constitutes a wealth of information, skill and competence that can be used to move forward. Additionally, the consultative body should be charged to study CyprusAid's options in

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<sup>15</sup> CyprusAid (2009) p.11

creating its own mechanisms to undertake projects, while at the same time capitalising on synergies existing within the spectrum of the government itself and civil society.

*Cypriot Official Development Assistance (ODA) could develop a comparative advantage in education and healthcare projects through the help of Cypriot NGOs*

It is thus recommended that **CyprusAid bring into play existing government mechanisms to approach the civil society of Cyprus and take ownership of the implementation development projects or parts of them, from the lead donor position that CyprusAid experiences already.** All stakeholders, from government officials to public companies and NGOs, can have a dynamic contribution which will set in motion CyprusAid's long term mission.

## **2. Public awareness and tender procedures.**

It seems that CyprusAid works for the most part with foreign NGOs. In Yemen for example, where CyprusAid is a lead donor, the DC project is implemented by "Marie Stopes International" which is a NGO registered in England and Wales. However there is a pool of local NGOs who are successful in the development field, awarded a number of European and international tenders for the promotion of development cooperation and development awareness. Hence there should be no obstacles in awarding tenders to local NGOs for the implementation of CyprusAid DC projects, except for the lack of publicity and information for CyprusAid's projects, for which local organizations could bid.

**It is therefore recommended that all tenders relating to DC projects funded by the CyprusAid service, be published in the Official Government Gazette, as well as on specially developed internet website, outlining user-friendly procedures that will enable local NGOs and private companies to compete.**

In tandem, CyprusAid can use its website and broaden its virtual presence through social networking websites creating public awareness and achieving successful dissemination of information on its activities and projects.

## **3. Support for Cypriot organisations.**

Despite the fact that CyprusAid provides for consultations with the civil society, the relevant body has never met, hence there has not been a formal or even informal communication pathway that would encourage a greater interaction of development efforts between the government and local NGOs. Yet, civil society organizations could run projects in conjunction with CyprusAid enhancing Cyprus' results in development projects. For example, NGOs could promote the achievement of CyprusAid projects either by offering their services or by running self funded projects that might support CyprusAid's aims. A sense of continuity can hence be established, supporting the completion of projects and future monitoring of results through the Cypriot civil society.

Furthermore, communication with local NGOs could enable CyprusAid to operate parts of projects without excessive staffing needs.

It is also important to enable civil society to propose development assistance projects, as the local relationships in the host nations formed by the Cypriot NGOs which can form a bridge to cultural differences with partner countries.

**It is thus recommended that civil society organizations be embraced in the development assistance process and that they are called upon to contribute their expertise and knowhow in the versatile roles that they can take.**

#### 4. A fully functioning lead donor role.

CyprusAid may currently partially outsource its lead donor position in DC agreements, delegating at the same time the accountability owed to the taxpayers to a silent partner who undertakes the project and its final evaluation.

Lead donor duties and practices are well ascertained by the OECD/DAC. One such duty however, acquires greater importance when it comes to measuring results and conveying them to taxpayers. In essence, every project needs to encompass an evaluation procedure which should be transparent, impartial and undertaken by an independent group, while CyprusAid should also investigate the validity of projects with independent audits to ensure that the projects have well achieved their objectives<sup>16</sup>. In addition private companies and NGOs should be invited to evaluate implemented projects at regular intervals, in order to ensure a fine alignment between its strategy and the selected projects<sup>17</sup>.

**Monitoring a project may be particularly challenging without own representatives onsite. However, project progress and evaluation of results unequivocally need to be communicated to the public, something that CyprusAid may not be able to ensure when it relinquishes its lead donor duties to another partner.**

Thus, being in a position to fully assume lead donor responsibilities will enable CyprusAid to perform transparent and complete evaluation of projects' results, demonstrating the necessary taxpayer accountability. The admission of success and failure, as well as lessons learnt is also a crucial part of all development programmes, and increasingly of development assistance<sup>18</sup>.

#### 5. Awareness building.

Since Cyprus' main means of contribution in development projects is financial, public awareness of CyprusAid actions and activities remain limited. However, awareness raising is essential both as regards to the CyprusAid service and the development field in general.

It cannot be possible for CyprusAid to move away from monetary aid and undertake an enlarged role in the development field, without the public's support. It is highly recommended that the public is educated and motivated to understand what discussions on development assistance or development cooperation entail, so that CyprusAid's activities can become meaningful and tangible. The public's awareness can incite interest and willingness for involvement, which can prove to be valuable resources during the implementation of a project. As knowledge is spread, a larger support base is created and greater civil society participation is ensured. Intra-government and NGO cooperation in delegated cooperation projects is for example key in benefitting from the advantageous synergies created, that additionally increase the capabilities of Cypriot development processes.

The Republic of Cyprus has a large skill set of running and implementing successful projects. To give an example, the Pitsilia Integrated Rural Development Project should be mentioned as well as other infrastructure projects (water desalination, dam building, and road creation). Hence Cypriot development assistance should be channelled where synergies of government and local NGO knowledge can increase aid effectiveness.

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<sup>16</sup> For more details see: OECD/DAC, *DAC Principles for Evaluation of Development Assistance* (OECD: Paris, 1991), <http://www.oecd.org/dataoecd/31/12/2755284.pdf>

<sup>17</sup> An example of such an independent commissioned project has been undertaken on behalf of the Austrian government: Austrian Development Agency (ADA), *Evaluation Comparative Review of Austrian Development Cooperation's Budget Support Operations. Final Synthesis Report Volume 1: Main report* (Vienna, ECORYS, 2010) <http://www.oecd.org/dataoecd/43/63/46472255.pdf>

<sup>18</sup> David Damberger: What happens when an NGO admits failure.(TEDx (YYC), 2009) [http://www.ted.com/talks/david\\_damberger\\_what\\_happens\\_when\\_an\\_ngo\\_admits\\_failure.html](http://www.ted.com/talks/david_damberger_what_happens_when_an_ngo_admits_failure.html) (as accessed 4th March 2012)

There can be no virtuous cycle of increased public awareness of development in Cyprus, increased development capability and successful implementation of development projects without the greater cooperation of the civil society (NGOs) and the Cyprus Aid service. This is the best way forward in order for the long term strategy of the CyprusAid service to be achieved.

## **Conclusion**

This policy paper aimed to review Cyprus' new functions in development assistance and to assess its participation and activities in delegated cooperation projects, with the focus and objective to identify areas of improvement so that Cyprus can:

- a) provide aid effectively to partner countries;
- b) increase public awareness; and
- c) raise Cyprus' capabilities in providing more effective implementation of development projects.

In brief, the review is summed up with the establishment of CyprusAid in 2005 as Cyprus' development assistance service, Cyprus' participation in delegated cooperation projects as a lead donor, but only financially, the need to engage Cyprus' civil society and in general, the urgency to revise the current policy and re-establish Cyprus' vision and strategy in development assistance.

Closer cooperation between CyprusAid and civil society is considered vital and for this reason, the consultative body of the CyprusAid service should invest in its purpose and step up its efforts. Furthermore, while delegated cooperation is the correct instrument to currently channel Cypriot official development assistance, the ability to run projects abroad remains a challenge and needs greater cooperation with the civil society in order to ensure a flow of enhanced knowledge and expertise, as well as capability building for a more immediate reaction to projects' requirements and needs. It is however inherent that public awareness be increased so as to gain the public's support on the one hand, and establish an information exchange mechanism on the other, that will further enhance aid effectiveness and improve the domestic capacity in development cooperation projects.

## ***List of Acronyms and Definitions***

**EU** *European Union*

**CyprusAid** *Development Cooperation Service of the Republic of Cyprus*

**DC** *Delegated Cooperation*

**Delegating donor (Silent partner)** *In DC terms, one who takes a responsibility of part of the project cycle but stays silent as regards the partner country*

**GNI** *Gross National Income, A measure of a nation's aggregate income*

**Lead Donor** *In DC terms, one who acts as the authority on behalf of one or more delegating donors*

**Nordic Plus** *Organisation that attempts cooperation and harmonization by Denmark, Finland, Ireland, the Netherlands, Norway, Sweden, the UK and Finland*

**NGO** *Non-Governmental Organization*

**ODA** *Official Development Assistance*

**OECD** *Organisation for Economic Cooperation and Development*

**OECD-DAC** *OECD – Development Assistance Committee*

**Partner Government** - *In DC terms, a country in receivership of aid or technical assistance (Host country)*

## About the NGO Support Centre

The NGO Support Centre is a non-governmental organisation, formed in 1999, to support the development of an emerging civil society, providing assistance and resources to NGOs so that they may take their role as full partners in the socio-economic development of Cyprus. The Centre contributes to increasing the capacity of NGOs by providing technical assistance and training and by promoting dialogue between civil society organisations and with international institutions. The NGO Support Centre also implements projects dedicated to the strengthening of civil society in fields of conflict resolution, gender equality, human rights and development cooperation both locally and internationally. This policy paper is published by the NGO Support Centre within the framework of the EuropeAid funded project «Knowledge Makes Change! Strong cooperation between NGOs and academics in promoting development among politicians and public», which the Centre currently manages in cooperation with Polish Humanitarian Action and Pontis Foundation in Slovakia.

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