

**CHARLES UNIVERSITY**

**FACULTY OF SOCIAL SCIENCES**

Institute of Political Studies

Department of Security Studies

Development Aid and the Need for Exit Strategies: Case of  
the Czech Republic and Serbia

Master's thesis

Author: Ludmila Lešková

Study programme: Security Studies

Supervisor: PhDr. Kateřina Werkman, Ph.D.

Year of the defence: 2019

## **Declaration**

1. I hereby declare that I have compiled this thesis using the listed literature and resources only.
2. I hereby declare that my thesis has not been used to gain any other academic title.
3. I fully agree to my work being used for study and scientific purposes.

In Prague on 9. 5. 2019

Ludmila Lešková

## References

LEŠKOVSKÁ, Ludmila. *Development aid and the need for exit strategies: Case of the Czech Republic and Serbia*. Praha, 2019. 86 pages. Master's thesis (Mgr.). Charles University, Faculty of Social Sciences, Institute of Political Studies. Department of Political Science. Supervisor PhDr. Kateřina Werkman, Ph.D.

**Length of the thesis: 145 221 characters**

## **Abstract**

The aim of this thesis is to provide a deeper understanding of exit strategies within the development studies and the development community. The exit of financial aid by donors from developing countries have large effects on the recipients. Modern donors are facing the challenge of how to effectively exit a partner country without affecting the sustainability of their intervention, their relationship with the partner and the economic and social impact on the beneficiaries. For this purpose, modern donors establish exit strategies to guide their processes. Czech Republic as a new modern donor is aiming to increase its effectivity of development cooperation. However, when exiting partner countries such as Serbia, it does not follow an exit strategy. This thesis tries to analyse how the process of exit of the Czech Republic can be used to argue for the need of exit strategies, and what lessons can be learned from past exits.

## **Abstrakt**

Cílem této práce je poskytnout hlubší pochopení výstupních strategií v rámci rozvojových studií a rozvojové komunity. Ukončení finanční pomoci nebo technické pomoci dárců z rozvojových zemí má velký dopad na příjemce. Moderní dárci čelí výzvě, jak účinně opustit partnerskou zemi, aniž by to ovlivnilo udržitelnost jejich zásahu, jejich vztah s partnerem a hospodářský a sociální dopad na příjemce. K tomuto účelu zavádějí moderní dárci strategie odchodu, které mají řídit jejich procesy. Česká republika jako nový moderní dárců usiluje o zvýšení efektivity rozvojové spolupráce. Při opouštění partnerských zemí jako je Srbsko, však tato strategie neexistuje. Tato práce se snaží analyzovat, jak lze proces odchodu z České republiky využít k argumentaci pro potřebu výstupních strategií, jak Česká republika proces odchodu zvládá a jaká ponaučení z dosavadních odchodů můžeme použít pro strategii odchodu.

## **Keywords**

**development, cooperation, aid, exit, strategy, Serbia, Czech Republic**

## **Klíčová slova**

**rozvojová spolupráce, pomoc, strategie odchodu, Srbsko, Česká republika**

## **Název práce**

Rozvojová pomoc a potřeba strategie odchodu: Příklad České republiky a Srbska

## **Acknowledgement**

I would like to express my gratitude to my supervisor PhDr. Kateřina Werkman, Ph.D. for her assistance and PhDr. Tomáš Kopečný for his time and patience.

# TABLE OF CONTENTS

1. Introduction.....	9
1.1. Aim and Scope of the thesis .....	10
1.2. Research methodology.....	12
1.3. Research tools .....	14
1.4. Thesis outline .....	16
2. Theoretical foundation and historical background of foreign aid, development and exit strategies.....	17
2.1. Concept of Exit.....	24
2.2. The Czech Republic’s Development Cooperation .....	30
2.2.1. Main Actors of the Czech Development Cooperation .....	32
2.2.2. Main instruments of the Czech Development Cooperation .....	33
3. Case study: Czech Republic Exiting from Serbia .....	36
3.1. Czech Republic as a modern development partner?.....	36
3.2. Transformation of the Czech development cooperation – first input for exit .....	36
3.3. Modernization of the Czech Development Cooperation and its management of exit .....	41
3.4. New Strategy – New Exits .....	44
3.5. What happened to Mongolia, Kosovo and Serbia? .....	45
3.6. Summary.....	48
3.7. Short overview of Czech Serbia cooperation.....	50
3.8. Reducing the budget – indication for exit? .....	53
3.9. Review of the exit process from Serbia .....	57
CONCLUSION.....	61
SUMMARY .....	66
LIST OF REFFERENCES .....	67
LIST OF APPENDICES .....	75

# 1. Introduction

The development community saw major evolution since the end of the Cold War. Until then, development aid was an important part of foreign policy, providing an instrument for conditioning alliances, securing one's interest and promote the welfare or the communist system. But since the 90s, we see a major shift in understanding of development. A more human centric, participative and results oriented approach towards development caused, that modern donors, mainly from the western and northern parts such as the US, Great Britain, Norway or Sweden started to lead the discussions on aid effectiveness, providing normative guidelines for new donors and assuring the adherence of accepted principles of the OECD. The new approach to development aimed at increasing the impact and assuring, that the donors not only aid the developing countries via their programs, but consolidate their activities together. Since the adoption of the Sustainable Development Goals in 2015, the indicators are clearly set. The development community is continuously creating new sets of manuals, guidelines or even binding agreements which aim to secure that the financial flows create the most impact. However, to increase effectiveness, the development aid should be focused only on a specific amount of countries and sectors. Only than the added value of the intervention is assured. There is no sense for one country to spread a limited amount of finances across the whole globe, providing only limited effect with limited synergies to its priorities. Therefore, a call to all donors to reduce their territorial focus caused, that many donors had to exit from many partner countries. This was a rather new phenomenon, which introduced many challenges. How should the process be managed? When is the right time to exit? Which countries will be chosen for exits? These and many more questions were on the table for donors to answer. During the past twenty years, some of them managed the process of exit successfully, some of them are facing backlash from the process until now. However, they all have one in common: the result of the processes was a clear need for a comprehensive exit strategy.

The Czech Republic became a part of the modern donor community only in 2013 by joining the OECD DAC. However, development aid was part of its foreign policy since it was a member of the Soviet Union (Majerová 2012, p. 176). But only after the accession to the EU in 2004, the development cooperation aimed to become a modern tool and join the ranks of successful donors. Therefore, the Czech Republic faces a large time disadvantage. Compared to other donors such as Sida (Sweden), or ADA (Austria), it is rather young and inexperienced. On the other hand, it can derive from the experiences of its counterparts. This was for example

the case with the institutional setting of the modern development cooperation. Much was learned from ADA, as it was in size and capacities very similar to the possibilities of the Czech Republic.

Since the soviet era, the Czech Republic (or Czechoslovakia back than), had many partner countries for development aid, amounting up to more than 40. The transformation to a modern donor saw the need of drastic reduction of partner countries, to focus the financial flows on specific partners (OECD 2006). However, these were not as problematic, due to the very inconsistent character of aid until that time. Since 2010 the Czech Development Cooperation started a new era after its thorough transformation. This era signalled that the Czech Republic subscribes to the international standards of modern donors. Facing further pressures by the donor community to reduce its territorial priorities, the Czech Republic had to continue with its reduction of bilateral programs. This time however, long-term programs amounting up to 15% of the overall budget were in question. For the Czech Republic, it was a new challenge. For a successful exit, it could derive from the experiences of other donors. It could establish its own exit strategy. In this thesis I will try to analyse, how the Czech Republic handled the challenge of exit, what were the common traits, weaknesses and strengths and what could be improved for the future. Furthermore, being one of the first small donors accepted to the OECD DAC, the Czech Republic could definitely serve as a good example for others to come.

## **1.1. Aim and scope of the thesis**

The aim of this thesis is to provide a deeper understanding of exit strategies within the development studies and the development community. This thesis critically analyses a part of project and program management cycle – the exit of the donor from the partner country. The exit, as part of the management procedure, is essential to all international and local development actors as it is an integral part of the process – all interventions, be it individual projects or long-term programs, will end one day. Development practitioners from donor institutions or organizations have contributed to the research of the exit and exit strategy via reviews, reports or policy recommendations. While most of the available literature focuses on the recommendations of how a successful exit should be managed, there is a lack of understanding how donors managed their exit before the issue became prominent in the past decade, whether there are some institutional predeterminations which are guiding the process of exit without a

set strategy and how the process of exit actually looks like in practice. Most essentially, the thesis tries to examine, whether a set exit strategy could help achieve better results. Grounded in positivistic development theory, two main research questions and their sub questions are addressed in this thesis:

- How does the Czech Republic manage the process of exit?
  - What strategies and mechanisms were developed and used for exit?
- What are the lessons learned for small donors for their future exit procedures?

With the accession to the EU in 2004, Czech Republic became an integral part of the international community. In the sphere of development, it established itself as a small modern donor during the past decade. This was formally reached in 2013, when the Czech Republic became a member of the OECD DAC (OECD 2019). While it had undergone a massive transformational process of its development cooperation system, for a small donor like Czech Republic, there are still lessons to be learned and systems to be implemented for a more efficient development policy. This thesis focuses on the case of Czech Republic as it is a unique example of a small donor country that managed its transformational process and is nowadays a respected member of the donor community. For this thesis, the case study of exit from Serbia will be presented. The case of exit from Serbia was chosen due to the geographical proximity of the country, the availability of interviewees with knowledge about the process of development cooperation with Serbia, the long positive relationship of the two countries, the changing nature of the development cooperation policy towards Serbia and the practical possibility of a field visit.

Among the Czech sources, there are no studies, reviews or papers written on the issue of exit and exit strategies. The issue of exit in development has been in Czech Republic overseen and neglected. The government, represented in this thesis mainly by the Ministry of Foreign Affairs, admits that there are no produced documents nor manuals, internal nor public that would address the issue of exit. While the lack of a systematic exit strategy is the driving fascination behind this thesis, due to my practical experience in the Czech Development Agency

where I have been working for the past three years, I decided to state a hypothesis for this thesis as following:

*The Czech development cooperation had no clear exit strategy from partner countries in the period of 2010 - 2018, but they managed their exit procedure successfully*

With no exit strategy available, I derived from my current observations that the program exits did not stir any fundamental challenges and problems for the everyday working of the Czech Development Agency and the MFA. Therefore, I assume that while the process of exit did bring unaddressed and underestimated issues on light, the overall exit was managed with the knowledge of the partners, with agreed terms and possibility to a follow-up on the exited programs.

The scope of this thesis is framed by the period of 2010 – 2018. This is the period of the transformed modern Czech development cooperation. There are references to the period of 2000 – 2009 to enlighten the process of transformation, which can help us to trace the conditions of the Czech development cooperation and its past exit procedures. Furthermore, as explained in the next chapters, the thesis focuses mainly on the bilateral cooperation of the Czech Republic and its partner countries.

## **1.2. Research methodology**

In this thesis the main research methodology is the Case study. The aim of the thesis is an empirical inquiry that “*investigates a contemporary phenomenon within its real-life context’ and uses multiple sources of evidence*” (Yin 2003, p. 13). As mentioned above and proved throughout the next chapters, exit strategy is a current phenomenon, that employs the minds of many practitioners throughout the development community. The Czech Republic and its exit from Serbia serves as the case on which I will investigate the exit process and its why and how. As a single case brings limitations for data interpretation and the risk of indeterminacy, implicit comparisons to a wider group of cases will be undertaken. In this thesis, the cases of exit from

Mongolia and other priority countries will serve for this purpose. This case study aims to explain specific phenomenon, assess a process, and test the research hypothesis for its validity.

To explore and review the process of the exit of the Czech Republic from its partner countries and specifically from Serbia, my thesis is framed by the work of Levinger and McLeod (2002), who defines three forms of exit: phase-out; phase-down and phase-over. Furthermore, the thesis is framed by the work of Oswald and Ruedin (2012) newly adapted for assessing exit by Lee (2017), who created guidelines for every successful exit process. The guidelines consist of 5 core principles and specific actions needed to fulfil them. Those principles are:

1.) Transparency – the need to plan an exit on transparent communication about relevant activities and ensure that all stakeholders are informed. To do so, coordination of methods and timeline have to be clarified.

2.) Inclusion – all relevant stakeholders must be included in the process, therefore we must define them, their roles and responsibilities and regularly discuss them.

3.) Predictability – using program outcomes and their impacts for making justifiable decisions about exit.

4.) Flexibility – room for modifications has to be available to the donor to adjust plans and activities according to current needs and situation and be prepared for possible challenges.

5.) Obligation – identify and manage risks and opportunities associated with exit for local stakeholders. To do so, risk management tools must be present to draft potential solutions to risks.

To build upon these recommendations each of these is applied to the Czech Republic process of exit from partner countries and specifically from Serbia. The thesis aims to determine, if all elements were involved in the process, who was responsible for it, how the process evolved and why and how those guidelines were or were not embedded in the process of exit.

### **1.3. Research tools**

For this thesis a combination of methodological approaches will be used: Archival records, interviews and participant observation. The main input for this thesis was the current state of the Czech development cooperation. While the strategies and concepts of the cooperation are set up, the question arises, whether if compared to the international debate of the exit issue, the Czech development cooperation is in line with the current trends and debates. For this reason, the main way of conducting this research is the case study of the Czech Republic and Serbia. This case should serve to answer the above stated questions.

Archival records are one of the relevant forms of data when conducting a case study. For this thesis, archival documents of the Czech government will be mainly analysed. These include the acts, resolutions, strategy and concept papers, manuals, and comments produced by the Czech government. A thorough analysis of the documents is used to compare the real life implementation of exit processes with the set out commitments in the documents. As the hypothesis suggest, the archival documents might show, that the real life implementation of exits was not comprehensively and transparently set out in any of the governmental documents. Furthermore, records produced by other stakeholders will be used as well. Especially the reviews of international organizations and national organizations which dealt with the phenomena of exit and exit strategies of the Czech Republic. Archival records from Serbia will be used as well, however with a large disadvantage due to the language barriers. The author of this thesis cannot read nor speak Serbian. However, this should not limit the scope of this thesis significantly, because the main data analysis will be centred around Czech Republic and its approach towards Serbia, not vice-versa.

Interviews are considered an essential source of information and a primary data source for case studies. For this thesis, semi-structured interviews were applied. The choice of interviewees was influenced by the limited number of persons, that are closely familiar with the process of exit of the Czech Republic and the specific countries such as Serbia or Mongolia, from which development cooperation was most recently exited. The interviewees represent the most important stakeholders of the process of exit: The Department of Development Cooperation at the Ministry of Foreign Affairs, the Czech Development Agency – represented in this thesis by a Project manager for Western Balkans and the Head of Department of Communication with Partners. Furthermore, the Regional manager of the Balkan and Mongolian territory of the Czech NGO branch of Caritas is representing the NGO sector. The

interviewees had a preliminary set of questions available before the conducted interview. The interviews were recorded and coded. Some suggest, that recorded interviews might inhibit the interviewee, and reliance on tape-recordings can prevent the researcher from listening carefully and participating fully in the interview process (Drake 1998, p. 283). To reduce the aforementioned risk, I wrote down the main themes of the responses to each of the questions during each of the interview. However, when listening to the audio, there were indeed opportunities during the process to deepen the interview with more insightful questions. This falls onto the issue of bias and influence. The analysis and data collection are under the influence of the researchers characteristic, background and interpretations (Drake 1998, p. 278). As an employee of the Czech Development Agency in the position of Manager of the B2B Program I was aware of the risk. But on the other hand used the close relationship with the interviewees to the benefit of the thesis. They were more comfortable and open towards specific questions regarding their opinions and attitudes.

Participant observation is borrowed for this thesis from the anthropological and ethnographic field of studies. As Schensul, Schensul and LeCompte (1999, p. 91) define it is "*the process of learning through exposure to or involvement in the day-to-day or routine activities of participants in the researcher setting*" As an employee of the Czech Development Agency for the past three years, the method of participant observation was available for me. I was involved in the day-to day routine of the agency with the possibility to be exposed to various formal and informal discussions on the researched study. While this gives the research an added value it also makes it more vulnerable to the pitfalls of researcher's bias. I used the participant observation method also during my field visit in Serbia in summer 2018, where I spent 4 days to monitor the ongoing and finished projects in Serbia together with the Director of the Czech Development Agency. I had the opportunity to speak with the officials of the municipalities of Bela Crkva, Novi Sad and Valjevo. The pivot of the meetings was their satisfaction with current partnerships of Serbian and Czech companies, that were conducting projects via the B2B Program of the Czech Development Agency. Furthermore, the Director of the Agency needed to assure, that all partners involved were aware of the exit of bilateral cooperation from Serbia. Furthermore, we were accompanied by several Czech companies which are active in the regions, with whom I conducted several meetings to understand, how the exit influenced their business and plans for the future. During this field visit and throughout the last year, I was allowed to observe events, where normally the participants may be unable or unwilling to share, or when doing so would be impolitic or impolite (Kawulich 2005).

## **1.4. Thesis outline**

This thesis is divided into three main parts for a comprehensive analysis of the process of exit via the case of Czech Republic and Serbia. In the first chapter I outlined the reasons and motivations behind this thesis. The current discussion on the international level of donors or international organisations presented the need for a comprehensive exit strategy for every donor. The research questions for the analysis were introduced and the main methods outlined.

In the second chapter a thorough theoretical grounding of development cooperation will be presented. A short historical excursion should explain, what was the main motivation of the donor community throughout the time and why did the debate over exit came only in the recent years together with a stronger role of beneficiaries. Furthermore, the concept of exit will be explained – what does exit in development mean? How do donors manage their exits and what can the Czech Republic learn from it? In the last part of the second chapter, the Czech Development Cooperation will be presented – its history, evolution and the main stakeholders and instruments. This will be important for the actual case study of the process of exit of the Czech Republic, as the data analysis will work with the terms and issues discussed in the second chapter.

The third chapter deals with the study of the process of exit of the Czech Republic. For that, we outline the evolution of its priorities and pinpoint the specific cases of past exits from countries. In the second part of this chapter, a detailed analysis of the case of Serbia will be presented including data and opinions from interviews and the field visit. All of these insights will then lead to a review of the process of exit from Serbia – framed by Levinger and McLeod (2002) and Oswald and Ruedin (2012) which will present where the Czech Republic has its advantage and on the other hand, where in the process were the biggest weaknesses.

## **2. Theoretical foundation and historical background of foreign aid, development and exit strategies**

After the second world war, foreign aid constituted an important component of the global development dialogue and international economic order (Pankaj 2005, p. 103). From west to east, foreign aid served as a tool for stabilizing alliances across the world for preventing the communist influence to grow. Vice versa, the Soviet foreign aid, focusing mainly on military transfers and technical assistance, enjoyed much support across its spectrum of communist allies. The geopolitical divide made a significant contribution to the development experiences of the Third World countries and formed the core of North-South relations largely till 1980 (Pankaj 2005, p. 103). The modern concept of development aid can be traced back to the traditionalist economic development theories by Adam Smith and David Ricardo, who deal with the concept of capital and its need for further capital accumulation. Development and growth were depended on capital accumulation and in their theories they outlined the basic rules which apply to a successful economic growth (Sachs 2005, p. 37). Karl Marx rebutted their claims in his work *Das Capital*, and contradicted the assumption that capital and capitalism leads to development. Making their base in these economic growth theories, further models were proposed throughout the last century.

It is well agreed among the existing literature, that modern foreign aid is the by-product, or consequence, of the Cold War period. Colonies of former empires were thriving for self-recognition and the balancing of the east and west led to a geopolitical race. After the Second World War, the realist approach towards foreign policy was championed. The need to secure one's interest and protect it in the anarchical system became the priority of the leading countries. Foreign aid was a tool for diplomacy - a way to get what a state needed to secure its interests. Furthermore, the emergence of the welfare state paved the way of the foreign aid regime, leading the states to project their welfare state policies abroad (Thérien 2002, p. 452)

Empirical evidence to show the efficiency of foreign aid as a promoter of realist diplomacy, growth, development and dependency is the Marshall Plan of the United States, quoted most often to substantiate the case (Thérien 2002, Stokke 2003, Tarp 2000). Arguing with the need to support the recovery of war torn Europe, the Economic Recovery Program emerged. With a \$12 billion package, The Marshall Plan provided assistance to sixteen countries in Western Europe. The goal was not only to rebuilt the economies of its recipients

but also proposed liberal economic practices such as lower tariffs and other instruments to coordinate economic policies. In 1949, US president Harry Truman proposed an expansion of the Marshal Plan with the goal bringing the countries of Latin America, Middle East and Asia under the American influence. The Point Four program was introduced, bringing financial and especially technical assistance to the strategically important regions. Its aim was to serve as an instrument to protect US economic and geopolitical interests (Stokke, 2003, p 5). Development aid entered the playground of the new Cold War. The new paradigm opened up new territories that raised in strategic importance. The conditionality of aid become a tool for securing the self-interest of donors, coated more or less in enlightened ideas of aid (Stokke 2003, p 3). Furthermore, new aspirations of self-government and independence of the colonial countries put forward the need for new types of influence and power relations. The struggle for influence during the first decades of the Cold war forced the Western governments to secure its interests with power and capital. These policies were backed by the Modernization theory which peaked in its prominence in the political and academic discourse in the 1950s. Concerned with the attractiveness of communism to the decolonizing nations, supporters of the modernization theory claimed, that only by uplifting developing countries to their own liberal market standard would causally secure democratic regimes and an equal capitalistic society. Financial and technical assistance was spent to improve the economic capacities of one's allies. In Vietnam, for example, the Soviets built massive hydroelectric facilities, while in South Korea, the Americans funded schools and land improvement (Werker 2012, p. 4). What made modernization so compelling to the American policy makers was the idea of achievement of security through development promotion. They hoped to accelerate traditional societies towards capitalist and democratic future, away from soviet increasing influence (Werker 2012, p. 3). It is agreed, that modernization theory was the dominant sociological theory of development for much of the 1950s and 1960s (Arjomand 2004, p. 323). The most well-known interpretation of the modernization theory is Walt Rostow's 5 stages of economic growth. Rostow (1959) set forth his own five stages of development— traditional society; preconditions for take-off; take-off; the drive to maturity; and the age of high mass-consumption. Besides Rostow, authors such as Smelser, Eisenstadt or Levy took on the modernization theory, all in their own perspective specific modalities but with common traits, summarized as: *“Modernization, then, becomes... a series of transitions from primitive, subsistence economies to technology-intensive, industrialized economies; from subject to participant political cultures; from closed, ascriptive status systems to open, achievement-oriented systems; from extended to nuclear kinship units;*

*from religious to secular ideologies*“ (Tipps 1973, p. 204). The critique of modernisation theory derived especially from its ethnocentric view, criticising the division of west as the modern and developed with the rest of the world as something barbaric (Tipps 1973, p. 207).

The “golden age of development” was underway. With many African countries searching for independence, the Cold war creating the platform for competition, US led development aid flourished, with the European Community following its lead. In 1958, the European Development Fund was created to assist its former colonies, with USAID few years later in 1961 culminated its responsibility for the US development foreign policy.

The Cold war period saw a rapid increase in foreign aid capital flowing into strategically important regions and found its positions in the works of flagship authors of that period. In Hans Morgenthau’s seminal work *Political Theory of Foreign Aid* (1962), he identifies 6 types of foreign aid; among them subsistence foreign aid, military foreign aid, bribery, prestige foreign aid and foreign aid for economic development. He points out that only humanitarian foreign aid can be considered nonpolitical, however de facto it often can serve as a promoter of foreign policy. Morgenthau however refuses the acceptance of the capital – development - security correlation implied by the modernization theory: *„Thus the popular mind has established correlations between the infusion of capital and technology into a primitive society and its economic development, between economic development and social stability, between social stability and democratic institutions, between democratic institutions and a peaceful foreign policy,“* (Morgenthau 1962, p. 304). He alerts, that we forget, the developing societies lack the transformational process of western societies of the 18th and 19th century, where basic economic growth habits were adopted. The cuffs of the Cold war paradigm are seen in his work. He claims, that without changing the behaviour of the receiving party, foreign aid will not benefit as intended. The change of behaviour may be initiated by the receiver himself, or externally forced onto. However, if force would be used *„nationalistic resentments (will arise), to be exploited both by the defenders of the status quo and the promoters of Communist revolution, “* (Morgenthau 1962, p. 306). Therefore, deciding for aid must be first assessed on several questions, all leading into the ultimate decision, whether we are willing to use means to prevent and subvert possible communist revolutions.

Putting theoretical works into context, David A. Baldwins work *Foreign Aid, Intervention, and Influence* (1969) was written during the peak of US mobilization in Vietnam. His work clearly suggests, that the three concepts are interconnected, and his work puts first signs of scepticism towards active involvement of the US in overt interventions for influence.

Baldwin looks into the various types of intervention by aid, proposing new solutions for the US and other modern states. He suggests, that saying „no“ to aid in form of grants or loans or trade is one of the most powerful instruments of a state foreign aid policy, however still not used enough (Baldwin 1969, p. 329 – 330) Compelling the states to act according to their principles and only than reward them with aid, takes the realist approach a step further and suggests a two-way process. His work also highlights the trend of the time – the substitution of grants by loans and the long-term influence of loan – debt relations towards the recipient. For the US, loans were a more natural way to use capital for promotion of growth, and the public debate supported these steps. For many it was only natural, that loans and credits will stimulate growth and investment, supported by the private sector which was often seen as non-political (Baldwin 1969, p. 334 – 337). The IMF and World Bank established throughout the 70s and 80s several programs, from which the Structural Adjustment program gained the most prominence.

During this period, the left voices, mostly originally from developing countries itself, took their stand against western influence and abuse of economic power. The dependency theory coined the growing criticism that growth in industrialized countries does not necessarily lead to growth in the poorer countries. The definition of dependency theory differed from one author to other. The original idea of Raul Prebisch, the Director of the United Nations Economic Commission for Latin America started the discussion with very straight arguments, that the periphery did not enjoy the benefits of technological progress and was forced to accept its role as producer of food and raw materials for the centre. Stressing the vicious circle, the unfair import-export coefficients, price dependency and the need for industrialization, Prebisch set out the playground for criticism of the capitalist west (Frankenhoff 1962, p. 191 – 193). Soon, Andre Gunder Frank (1966), a proponent of dependency theory and later the World System Theory, joined the ranks contributing with his strong rhetoric. Influenced by Marxism and Weber, he was the inspirer of late independent socialism of the West (Kay 2005). In his work, he firstly argues that the inequality of development is not caused by local traditional power structures but by the hundreds hears of abuse by the “metropole”.

On the other side of the ocean, Gunnar Myrdal (1999, p.120 – 121) promoted his Circular cumulative causation: *„there is no such a tendency towards automatic self-stabilization in the social system. The system is by itself not moving towards any sort of balance between forces, but is constantly on the move away from such a situation“*, arguing, that the poor societies and states will only repeat their cycle even when aid is provided . His solution is to propose implementation of investments which are beneficial for the whole society. With Priebsch, he

was the architect of new UN bodies: the Economic Commission for Latin America (Priebisch) and the Economic Commission for Europe (Myrdal). The new organizations gave voice to the overlooked and underdeveloped countries. They both acknowledge the interdependency among states and criticized the free market power, advertised by the liberals of the time. The free market was discriminative and did not lead to the development of the poor countries (Puntigliano, 2011, p. 30).

With the growing engagement of the UN, the ILO and World Bank, new approaches were called to life, criticizing the growth model. While successful examples were showed off such as India or Taiwan, some countries of Latin America or even Egypt showed signals that the growth was much correlated by combination of foreign borrowing, rapid natural resource exploitation, stabilized by political authoritarianism (Hoadley 1981, p. 151). The growth theories were considered too western-centric, not focusing on human life and its needs. Considered a positivist concept, the *basic needs* model emerged in the early 1970s claiming that by providing basic resources such as education, food, transport or healthcare will make more positive impact than by simply eradicating poverty via economic means. The basic needs approach encompasses also non-material needs such as self-determination, self-reliance, security etc. Streeten (1979, p. 137) argues, that the growth approach focuses on “*raising the real incomes of the poor by making them more productive, so that the purchasing power of their earnings enables them to buy the basic needs basket*“ While the basic need concept might had many forms, the common ground was found in the focus on the individual, rather than the state, on self-reliance rather than central power and local rather than western-centric (Hoadley 1981, p. 152). However, the practical implementation of the theory waded, as many donors argued, that their current programs already encompass basic needs, and with OECD turning in the early 80s to the basic need theory only as a complimentary indicator of the New International Economic Order (Hoadley 1981, p. 155), which was endorsed by the UN in 1974. The developing countries were calling for economic sovereignty, their right for control over their resources and their territory as well as being equals in international trade (UN 1974). The new order had indeed some practical implications; the trade and tariff laws were reconsidered, the GATT was established, through which developing countries have new opportunities to influence international markets and UN resolutions for protection of economic rights were adopted (Gebremariam 2017, p. 26-27).

The upcoming period saw an increased role of the recipient of aid, whether they were allowed to the „big table“ to join in the discussions, or they were granted formal and informal

power towards their management of growth, resources and aid flow. We can see a shift from dependency towards empowerment and partnership. While the goal of international aid, namely ending poverty, was not met, a new re-examination of the concept was on. Programs proposed upon developing markets forcing them to adjust their policies, structure and resource management did not meet the targets with financial crises falling upon the donors and the recipients per se.

Steve Kayizzi-Mugerwa (1998) calls the partnership the big new idea of the donors, referencing the UK government's White Paper on International Development adopted 1997 and the Report of a Working group of the Swedish MFA „Partnership with Africa“, 1997. Kayizzi-Mugerwa defines that the increased responsibility of the recipient country is the main driver of this new strategy. In the mentioned papers, the need to focus on most needed priority areas, mutual dependence, and the need of donors to practice „listening“ to the actual needs of the partners. Furthermore, the partnership concept comprises not only states, but NGOs, media, business and industry (Kayizzi-Mugerwa 1998, p. 222). The normative concept of partnership was thereafter coined in the *'global partnership for development'* - the pledge of the eighth Millennium Development Goal. The development partnership approach was further endorsed by the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). The model of partnership between the stakeholders might differ depending from the needs and interests of both sides, but can be divided into two main categories: The Weak partnership – where policy dialogues and information exchange are the main bargain tools or Strong partnership – with comprehensive jointly agreed country programs and financial budgeting. The strong partnership complies the most to the universal understanding of development aid/assistance or in this case, cooperation (Maxwell 1998, p. 260). The concept of partnership has also its critics. Maria Baaz Eriksson (2005, p. 6-7) suggests that partnership serves many only as an empty slogan and a mask to “*lower the costs of development aid, and to restore accountability in order to legitimize continued presence (of the donor).*” On the other hand she is cautious to rush judgement, as she admits that while the normative partnership understanding of shifting power relations might not work as envisaged, the practical impact is seen positively: the new partnership context provides for more effective distribution of aid setting new approaches to common project management, providing the receiver with more ownership and accountability, a two-way dialogue, suggesting that the efforts discussed, decided and implemented by both partners should meet the mutual goals more probably.

The discourse of partnership went hand in hand with the adoption of the Millennium Development Goals adopted in 2000 by UN, with the goal reaching the targets of 8 goals by all countries by 2015. While the MDGs were stating all the “obvious” goals that were the aim and scope of development aid until their time, the difference proposed was the measurement and indicators trackable by all countries in all sectors involved, *“making possible more evidence based debates about international development policies and efforts,”* (Fukuda-Parr 2013, p. 19).

In the last part of this chapter, I will try to outline the summary of reason why the international community decided that the MDGs were not sufficient, and that a new, a slightly but not too different approach of Sustainable Development Goals must be established. As Jeffery Sachs, former advisor to two Secretary Generals of the UN understands it, our new era is embedded in population growth and the strive for sustainable world ecosystem. From the need to nourish the rapidly growing population, to the social inclusion of societies and economies, towards the assurance of enough resources for the developed world, the MDGs were, looking back, designed mainly to address the poverty issues of the developing countries (Sachs, 2012, p. 2208). They were considered the major “problem”. However, while the MDGs were not met, be it for various reason, differing in various opinions, the international community agreed that the question of sustainability is the question of existence of the whole world. Some authors suggest that one of the main shortcoming of the MDGs was its “North-South Agenda” and only helpful for communication of the development purpose to mobilize public support (Fukuda-Parr 2016, p. 44). When the deadline of 2015 approached, the stakeholders already proposed a program for continuation, the Sustainable Development Goals. With the past system and its pitfalls, this new approach adopted by the UN general Assembly in 2015 described goals and 164 objectives to be met by all countries involved.

The past twenty years of development theory and practice show, that nowadays, development is a problem rather than a theory driven phenomenon, that mostly results in policies for governments and practitioners to use. The SDGs created a platform for researchers and practitioners from various spectres to analyse methods and tools that will help the countries reach set goals. Furthermore, the concept of development has changed – earlier, the main inquiry was, whether there are enough resources in the world to eradicate poverty and meet human needs. Today, poverty might be seen as a result of how the wealth is distributed in the affected countries, not whether adequate resources exist (Gordon 2009, p. 140). Current trends in development cooperation focus mainly on the increased effectiveness of the aid flow, its

management and accountability. Studies identified that currently, some countries still use aid as a political tool with limited results (Kharas 2007, p. 4). The effectivity of the financial flow might also be increased by reducing the rigidity of some channels – which are mainly operated by governments and are costly and inefficient – therefore private channels are given more attention for changing the aid architecture (Kharas 2007, p. 5). This concerns also the increasing role of private sector in development. The SDGs call directly for a higher engagement of private stakeholders in delivering solutions through market support and investments in sustainable solutions. All in all, we can see that the development community had undergone a large journey since its beginning after the Second World War. It is important to stress that countries such as the Czech Republic, were part of the evolution as well. As part of Soviet Union, the wester-centric development ideas were not available and applicable – however, as an important industrial hub for Moscow, Czech Republic played an important role during the Cold War for delivering political and conditioned development aid to Soviet zones of interest. After independence, Czech Republic itself received financial aid from its western partners, to help its transformation to a market driven country (Pavlík 2016, p. 36).

## **2.1. Concept of Exit**

To know when and how to exit has not been at the forefront of donor strategy until the early years of 21<sup>st</sup> century, when the abrupt need for UN operations termination has been on the table. However, the term “exit” in foreign policy planning became a part of discourse only in 1993 during the withdrawal of military troops from Somalia. For such purposes, it has been borrowed from the world of strategic management and business developments, craving its way to the general debate of policy strategies. In 1998, Gideon Rose with his piece “The Exit Strategy Delusion” became the prominent populariser of the term exit strategy in foreign policy and military affairs, emphasizing that *“The transition phases of an intervention need not be simple or abrupt; often a gradual reduction of the outside presence works best, with each successive force charged with tackling a different type of problem until a local political structure is ready to stand on its own.”* But what does exit mean? Today the term is largely overused in political, military and development world which undermines its importance as a strategy tool. While exit, termination and departure indicate that the stakeholder is leaving the place of conduct, limiting his activities in the field close to zero, transition, handover and

integration suggest that the activities he conducted will be continued by a different party, and therefore suggest his exit, however not the termination of the actual activities (Ginty and Peterson 2015, p. 373).

It is important to underline the different approaches by different actors of the discourse towards the term exit and exit strategy. When looking solely at the development actors, we see many donors and practitioners analysing different case studies to work out a general manual for other donors and INGOs. These manuals have many traits in common and are based on comparable case studies, which provided positive and negative lessons to be learned and range from economic reports, working papers, performance assessments, sector reviews and evaluations. However, if we take a look at the academic and peer-reviewed research, we see rather sporadic amount of usable theories. In this part I will present the existing practice of major donors and their conceptualization of exit and exit strategies. Furthermore, I will present the mostly cited piece by Levinger and McLeod's (2002) *Hello, I must be Going: Ensuring Quality Services and Sustainable Benefits through Well-Designed Exit Strategies*. He provided the first comprehensive typology of various types of exit. Furthermore, the work by Oswald and Ruedin (2012) adapted by Lee (2017) will be helpful with the final assessment of the process of exit by the Czech Republic. They suggest guidelines which should be incorporated in every successful process of exit. During my thesis, I will continuously draw upon their conclusions when analysing the case study of the development strategy of the Czech Republic.

But what does exit and exit strategy in development cooperation mean? While the term might seem clear, we can find in the practitioners' literature many substitutive similar terminologies for the process of exit such as Phase-out, Transition, Maturity, Commissioning or Transfer. While the various terms might indicate whether the exit will be abrupt, the projects or programs handed over or indicate that the "job is done", for the purposes of this thesis, only the term Exit and Exit Strategy will be used. Rogers and Macías (2004, p. 2) refer to the term exit as the *„withdrawal of all externally provided program resources from an entire project area.“* While an exit strategy for a program is a *„plan describing how the program intends to withdraw its resources while assuring that the achievement of development goals is not jeopardized and that progress towards these goals continues.“* They do not limit the exit in its timeline – whether it is a slow process that should sooner or later lead towards a complete withdrawal, the main principle is the assurance of sustainability. Davis and Sankar (2006, p. 7) analysed the process of exit at the UNESCO organization concluding, that the most important challenge for a successful exit is its planning at the very beginning of the intervention. The

donor should establish transparent criteria for engagement and a strategy for exit at the beginning, including in the process the recipients and all stakeholders involved to manage their expectations. According to Gardner, Greenblot and Joubert (2005, p. 7) exit strategies can help the donor to define his role in the partner country and explain to the partners at the very beginning, that the time of his being is limited. This might reduce potential misunderstandings and possible dependency.

There is a sporadic amount of pieces with the ambition to theorise about the exit process, one of those being a study by Levinger and McLeod (2002) which describes an exit strategy with three approaches; a phase-down, phase-over and phase-out. While the phase-out should indicate the termination of activities, the phase-over process is aiming at transfer to a different organisation. When phasing-down, it is expected that the activities will be reduced but not terminated. The question of which of these approaches the donor or the organization chooses must be dependent on their desired objective. Lee (2017) interprets the theory in detail: the phase-down might be suitable for those, who need to cut costs and streamline the cooperation while helping local recipients to increase their capability to continue the activities. “*The phase-over aims at continuing vital services or activities under a new management. Accordingly, it emphasizes institutional capacity in a taking-over organization for continued program outcomes*” (Lee 2017, p. 23). The phase-out is an exit as most of the readers would understand it. It aims on terminating the activities with assured constant benefit for the partner. It is important, that a phase-out will lead to self-sufficiency and not the loss of benefits.

From the practitioners’ perspective, the OECD serves best as an example of providing guidelines for donors in managing their development cooperation. OECD serves among other things as a joint donor coordination platform, encouraging all donors to conduct rigorous evaluations of their programs and strategies. Furthermore, it serves as an umbrella for evaluations of specific donors and their policies in so called DAC Peer Reviews. OECD creates in cooperation with donors’ policy and management recommendations for new and old members to respect commonly agreed principles and rules.<sup>1</sup> Furthermore it provides a platform

---

<sup>1</sup> The Peer Reviews by OECD have a special status as they are undertaken on the request of the country itself, and focus on the development assistance of the specific donor country. The reviews are systematic examinations, which assess performance of a donor with the goal to help the state improve its policies, and adopt best practices (OECD 2003). Especially for emerging donors, it serves as a “mentor” for their further strategic decisions. While one country faces a new complex challenge, it can profit from the peer-review by other countries in establishing new processes, management tools and methodologies. The peer-reviews are not bound to specific periods or sectors but are usually conducted every 5 years, and can be proposed by the members, subsidiaries or even the Ministerial Council, when seen necessary. These peer reviews are available for the public. In the case study of Czech Republic and Serbia, the OECD peer reviews play a vital role.

for donor cooperation. Examples of OECD supported projects regarding exit can be found especially among the Nordic donors such as Sweden, Norway, Denmark and Netherlands. They already defined the problem of proper exit strategies and the challenges. In 2008 the joint donor evaluation by SIDA (Swedish Development Agency) “*Managing Aid Exit and Transformation*” (Heldgaar 2008), analysing four donor countries – Denmark, the Netherlands, Norway and Sweden, was published. The evaluation is based on country studies in Botswana, Eritrea, India, Malawi and South Africa including 14 exit cases involving any one of the four donors. The study tries to find out what are the consequences in the recipient countries when donor countries close down their bilateral aid program and whether exit practices are consistent with established principles of partnership and mutuality in development cooperation. The general findings suggest, that the main motivation of exiting is political and that the donors had no prior strategy of their termination when they prepared their intervention. There were only few examples of phasing out processes with a clear focus on ensuring sustainability. The report criticizes the lack of attention for planning exit before entering, communication with local stakeholders, lack of accountability towards the beneficiaries and especially the abundance of donor coordination – while there is always more than one donor in a specific region or sector, they tend not to coordinate their activities which leads to ineffectivity, duplication, and especially large administrative burden for the final beneficiaries. In exiting, donor coordination might serve for handing over part of the agenda towards other donors, or assuring their assistance on the ground for the beneficiaries after withdrawal. Sida identified the exit process as an important issue for all concerned donors. While it states that Denmark has general criteria for project termination, it is inconsistent with their policy of long-term commitment, while Norway and Netherlands are lacking proper phase-out procedure.

In a report funded by DFID (Faint, 2004), multiple donor initiatives towards EU accession countries - those being Poland, Hungary, Slovakia, Bulgaria, and the Czech Republic, are reviewed. The period of the review stretches from late 80's, when first bilateral and multilateral development actions were undertaken. The report describes the large difference between the strategy and goal of different donors, such as the European Community, Germany, United States or EBRD. More than that, it focuses on the strategy of United Kingdom towards central European countries and pinpoints its evolution from market oriented towards poverty reduction programs. Since the decision of the European Community to integrate the central European countries into the EU, a clear need for future exit was noticed. We can see in the report that specific country strategies of DFID did not explicitly work with the term exit. Even though it

was clear to all stakeholders, that exit has to happen (latest at the time of accession to EU), we can see only mentions of “sharply reducing allocations“ or “concluding phase of the bilateral KHF program“. Only in early 2000, the plans for exiting were set. The review states that while in the case of advanced accession countries, the process was successful, well planned and well managed, it offers a doubt in the case of Romania and Bulgaria, where the abrupt exit caused troubles for embassy staff and did not persuade all stakeholders that the job was finished. In conclusion: *„as far as possible it is best to plan the exit from a country program well in advance and then adhere as far as possible to the established schedule.“* In the case of Romania and Bulgaria, in particular, higher level politics intervened and the exit was less smooth and worse prepared than it could have been. Furthermore, we can read that much of the success was due to increased donor coordination of DFID. While in the early stages (until the 90’s), the development program focused entirely on English expertise and English bilateral involvement, towards the end much deeper cooperation with the Worlds Bank and European institutions was establish. The British outsourced some of their programs and tried to influence the institutions from inside. Such strategy might have influenced the success as the recipients were not reliable solely on DFID engagement.

In a more recent report by ICAI (2016), the analysis of exit success by DFID sheds less positive light on their strategy implementation. The trend led by OECD was clear: focusing aid money on less countries with stronger impact, prioritizing the least developed of them. DFID had to therefore exit from 18 countries, among them China or India, were aid money was not anymore seen as the priority. The problem surprisingly emerged in the cases, were relationship transformation, not clear exit, were on the table. While exit from bilateral aid was according to the report managed well, transformation to new ways of partnership where not clear. Furthermore, the report suggests a missed opportunity: *„we identified instances where small, targeted investments during the exit process could have helped to maximize the value of aid programs that were being phased out. They could also have helped DFID retain a stronger voice in national policy dialogue on continuing development challenges, including with civil society and other development partners.“* The most interesting part of the report is however, the clear difference between exit strategies or „non strategies“. It identifies various approaches of DIFID towards different countries, where for example in India, the civil society suffered enormously due to the abrupt exit, in South Africa DFID focuses on continuing support through the phase out period, literally *“(DFID) cut short some programs in order to meet deadlines, with consequences for its partnerships and the value of its previous investments.“* Among the

main problems are discontinuity of staff, poor announcements of exit and lack of knowledge sharing with other institutions that remained in the countries. The most pressing problem was the lack of lessons learned, where DFID misses an opportunity to centralize knowledge about exiting and offering that to its staff.

Rogers and Macías (2004) state, that while most of the donors focus on the sustainability of their projects and programs via evaluations, they are mostly undertaken at the end of the project or program. Evaluations might be helpful to examine, whether the intervention was successful, it however does not verify the long-term sustainability of the project or program. They find that post-exit evaluations, that would monitor the results and sustainability after some time the intervention ended, are very rare. This is also the case with the Czech Republic. While no evaluations were conducted after the cooperation programs ended, the MFA does not intend to establish such evaluations in the nearest future (Interview 1), as they are certain that post-project evaluations are sufficient and there are no indicators that would lead to a decision to undertake program evaluations after some years of exit. Rogers and Macías (2004 p. 3) argue the opposite. There is an essential need for evaluations after the program is terminated. The donor should return to the community at least one or two years after exit. This should help him assess the sustainability and impact of his intervention. Gardner et al. (2005, p. 12) also suggest, that proper monitoring and evaluation after the exit process is the only mean how to establish a success of the exit. However, they admit, that most of the agencies, INGOs or countries do not have the needed budget funding for activities after the end of a program or project.

The World Food Program (2003) evaluated its exit strategies from school feeding projects, stressing out that every country and society present an individual case and as such must be regarded. They come up with recommendations which should be tailored to specific cases: 1.) Government Commitment – meaning the participation of the local government throughout all stages of project cycle; 2. Community Contributions – stressing out the need for ownership by the community, without which the sustainability of the intervention is not guaranteed; 3.) Technical Support – providing the transfer of know-how during and after the intervention will assure the continuation of the results; 4.) Management and Communication – making sure everybody understands his new competencies and the process of exit; 5.) involving the private sector – ensuring not only possible new sources of financing but intertwining the interests of beneficiaries with the interest of profit of the companies, ensuring sustainability of the intervention.

The European Union agreed on the 'Code of Conduct on Complementarity and the Division of Labour in Development Policy' (2007) which was approved by the Council of the European Union on 15th May 2007. According to the Code, the donors should follow the 11 recommendations, from which the relevant for this thesis are: 1.) Concentrate on a limited number of sectors in-country; 2.) Ensure responsible exit strategies by redeployment for other in-country activities; 3.) Establish lead donor arrangements; 4.) Enter into delegated co-operation/partnership with other donors; 9.) Analyse and expand areas of strength through self-assessment of comparative advantages; 10.) Pursue progress on other dimensions of complementarity.

In conclusion we see, that whether international organisations, individual donors or national organisations, all address the challenge of proper exit and exit strategies to highlight the importance of donors' commitment, effectivity of aid and the adherence to partnership agreements. Each actor suggests specific recommendations but common trends are visible: need for a time frame, communication of the exit with partner country and the availability of follow up procedures after the exit. In the following chapters, these recommendations will be taken into account and the case of Czech Republic exit strategy will be assessed upon them.

## **2.2. The Czech Republic's Development Cooperation**

The Development Cooperation of the Czech Republic has been a part of the Czech foreign policy since a century. The characteristic of the cooperation changed throughout the time, much depending on the political situation in the country. The modern development cooperation lies on the principles of the European Consensus on Development and the Paris Declaration on Aid Effectiveness, both issued in 2005 and the Accra Agenda for Action of 2008. This consensus highlights the need to integrate country strategies and efforts to eradicate poverty, address cross cutting issues and it frames the implementation of the 2030 Agenda in partnership with all developing countries (EU 2017). Legally, the development cooperation is embedded in the Act no. 151/2010 on Development Cooperation and Humanitarian Aid, and Amending Related Laws. It sets out the responsibilities of the Ministry of Foreign Affairs, the Czech Development Agency and other institutions involved. It also defines the concept of development cooperation where *„development cooperation shall mean the set of activities financed from the national*

*budget aimed at contributing to the eradication of poverty in the context of sustainable development, including the fulfilment of the Millennium Development Goals,1) to economic and social development, to environmental protection, and to the promotion of democracy, human rights and good governance in developing countries. “*

While the development cooperation was present in the post-war period, it had little to do with today's understanding of development, and rather followed the voice from Moscow. The direct and indirect participation of the communist security forces in the realization of the development cooperation after 1948 is indicative of the fact that the change in the domestic policy has also strongly transformed the foreign one. It took Czechoslovakia until early 60s, to create the first foreign policy concept towards Africa and colonial nations in order to help countries to self-sufficiency through diplomatic and economic relations. Following the Soviet interest in the Cold War area, the countries were divided into several categories according to their political orientation and mutual benefit. Czechoslovakia was a Soviet industrial hub, therefore development cooperation was seen as a chance for product outlet (Majerová 2012, p. 176). Arms transfers were among the most used form of cooperation, however food and medication supplies were also provided, followed by technical assistance and scholarships for foreign students. It all changed with the return of the democratic state in 1989. Czechoslovakia and subsequently the independent Czech Republic sharply dropped the provision of assistance abroad and became recipients of transformation assistance from West European countries, Canada and the USA (ibid). The communist past created an added value for Czech Republic; experts gained a good reputation and the large number of alumnae interconnected the Czech business with African and Asian countries. In 1995 the Czech Republic was admitted to the OECD, where providing international assistance to third countries was a needed precondition for membership. Since then, the country sought to create a comprehensive strategy for development cooperation.

The first years of modern development cooperation were challenging. Until 2002, there was no institutional accountability, as many projects were implemented by various ministries, while the MFA was supposed to be the main initiator. This led to ineffectiveness, large geographical spreading of aid, no accountability and no visibility of the activities (FoRS 2008, p. 8). The accession to the EU in 2004 brought many changes in the ODA system, however it was not until the 2007 review by OECD, when the transformation of the Czech Development assistance was planned for the years 2008-2010 to come. After the transformation, the development cooperation was given to the sole responsibility of the MFA (with exceptions),

the sectors and geographical influence of aid was reduced, the Czech Development Agency was established and finally the Act for Development Cooperation and Humanitarian Aid and the Development Cooperation Strategy were ratified. For this thesis, the ODA system after the transformation will be the working basis. In the next parts, the main actors and instruments of the Czech bilateral development cooperation will be introduced. This will be important for the empirical part of the thesis, where the usage of tools and responsibility of actors on cases of exit will be analysed. The 3rd chapter will focus on how the policy makers or practitioners took on the concept of exit strategies and exiting in general in their primary documents and commentaries. Following that, I will demonstrate the level of preparedness for exiting on one current example of the Czech exit from Serbia. This will be done with the method of interviews with policy makers, administrators, implementers and beneficiaries, analysis of primary and secondary sources, and participant observation.

### **2.2.1. Main actors of the Czech Development Cooperation**

After the transformation, the roles were set up clearly. The main accountability of the management, budgeting and reporting of the ODA was put in the hands of the Ministry of Foreign Affairs. It took the fragmented agenda and established a transparent hierarchical system. The MFA is nowadays in the sole responsibility of the Multilateral and bilateral aid. Within the MFA the Department of Development Cooperation manages the political agenda of EU/Czech development contributions and other multilateral responsibilities towards international organizations, and the oversight of all bilateral engagements in development including humanitarian aid. The MFA with its department implements the foreign policy of the Czech Republic and prepares the draft documents for the government or other reviews to decide upon (MFA 2019a).

Under the MFA is the Czech Development Agency (CzDA), which is in charge of implementation of the development cooperation of the Czech Republic. In the last years its rough annual budget for bilateral cooperation was approximately 500 million CZK. It implements projects according to the strategy in place. The agency is in charge of formulation, realization and monitoring of all running projects. Together with its partners and the MFA it

consults the annual budgets for each partner country or sector and it decides whether to implement a project via a public tender or a grant (MFA 2019a).

The Council of Foreign Development Cooperation is a coordinating body, which involves all main stakeholders of the Czech development cooperation from all levels: the representatives of all relevant ministries, the Czech Development Agency, the representatives of the Private Sector Platform for Development Cooperation and the Forum for Development Cooperation (FoRS) representing the NGO sector. Its main task is to coordinate the agenda of development cooperation within all partners equally, to create a platform for discussions and policy suggestions and to conceptualize and oversee the priorities of Czech ODA. This body reviews all official documents before they are submitted to the government. The aim of the council is to assure, that all relevant stakeholders have their space to voice their opinions and concerns, or suggest improvements (MFA 2019a).

### **2.2.2. Main instruments of the Czech Development Cooperation**

The Czech Development Cooperation in its current modern form after the transformation uses various instruments under the delegation of Ministry of Foreign Affairs and mostly implemented by the CzDA. It has three main parts: Multilateral Cooperation (finances for the EU, UN and other international bodies of which is the Czech Republic a member or contributor), Bilateral Cooperation (finances for specific countries implemented by the Czech Republic according to current strategies) and Humanitarian Assistance (systematic or ad-hoc finances for humanitarian interventions, agreed by the government of the Czech Republic). There are other small scale instruments that are complementary to the overall Czech Development Cooperation such as scholarships for students from developing countries or trilateral cooperation (Project co-financing with other donors). This thesis focuses mainly on bilateral cooperation between the Czech Republic and relevant partner countries, therefore, the typology of bilateral cooperation methods and instruments will be provided (MFA 2019a). Instruments described in this chapter will be in the next chapters used for the analysis of the cooperation and exit of the Czech Republic with and from partner countries.

## **Public procurement**

The instrument of public procurement is one of the two main tools for bilateral development cooperation. Public procurement follows the 134/2016 Coll. ACT of 19 April 2016 of Public Procurement Act and the ACT No. 139 of 14 March 2006 on Concession Contracts and Concession Procedures and respects fundamental principles of the European Community Treaty. The procurement furthermore follows the manual of project cycle management, adopted in 2010 (MFA 2010) and renewed in 2018 (MFA 2019a). The public procurements are identified in accordance with the manual. The main role of project identification lies with the local partners and with the assistance of the Czech embassy are delivered to the MFA and the Czech Development Agency for assessment. The projects for public procurement are implemented only in the agreed sectors, which are defined by the current strategy. After a project is chosen, public procurement is formulated by the staff of the CzDA and published in the official public procurement platforms. For public procurement, private companies (not discriminative towards foreign companies) and NGOs are allowed to participate.

## **Temporary Expert Assignment**

A new tool under the public procurement method launched in 2015 aims to deliver transitional experience, mainly the transfer from a centrally planned economy to the market economy including sectors such as judiciary, privatization, tax systems, decentralization etc. The relevant applicant for these projects are the local institutions of public administration of the partner countries. Chosen experts undertake a visit to the relevant institution. The Temporary Expert Assignment falls into the category of Horizontal programs of the Czech Development Cooperation (CzDA 2016).

## **Grants**

Grant proceedings are managed according to the current manual of project cycle management and is in accordance with The Budgetary Regulation Act and other relevant regulations. The formulation assessment and implementation follows similar rules as in the case of public procurement. Bilateral grants are mostly awarded to Czech NGOs.<sup>2</sup>

---

<sup>2</sup> this is due to specific regulation of the Budgetary Regulation Act, however, new methods are being analysed, to allow a private company apply for a bilateral grant.

## **Placement of Czech Teachers to Developing Countries**

The objective of the programme is to enhance the level and expertise of university education by involving Czech university staff. They are assigned directly to the local partner institution where they participate on capacity building and research. The program operates under the same rules and regulations as other grants in the Czech Development Cooperation (CzDA 2018, p. 19).

### **B2B grant program**

The objective of this program is to engage the Czech private sector in development initiatives while supporting them in expanding to new markets. The grants are offered for various activities and awarded according to the project proposal of the Czech company. Managed by the same regulation, the B2B program is however offered for projects in all developing countries according to the OECD list. The original goal of the program was to offer new tools for cooperation and engagement in countries, where bilateral cooperation was decreased. During the years, the scheme of the program expanded (CzDA 2018, p. 18).

### **Transition promotion program**

A financial instrument introduced in 2005 and managed by the MFA aims at using Czech experience with social transition and democratization. It is a specific instrument outside of the Manual of project cycle management and is implemented with local stakeholders and civil society. It follows the rules of grant proceeding and targets specific countries: Moldova, Ukraine, Georgia, Serbia, Bosnia and Herzegovina, Kosovo, Burma, Cuba and Belarus, according to current strategy (MFA 2015).

### **Small Scale Projects of the Czech Republic**

Small Scale Projects are instruments under the auspices of the Ministry of Foreign Affairs and are carried out by local stakeholders directly in developing countries in cooperation with embassies of the Czech Republic. They operate under the grant proceedings method and are limited by maximum amount of 500 000 CZK per projects. They are open for all developing countries according to the OECD list (MFA 2018a).

### **3. Case study: Czech Republic exiting from Serbia**

#### **3.1. Czech Republic as a modern development partner?**

The Czech Republic is in Europe a rather new development partner, considering the years of transformation of its institutional setting. However, after the accession to the European Union and a successful transformation, the Czech Republic benefits from its unique transformational know-how. As a development partner, it is a suitable example of a small stable state, which successfully dealt with its past and aims now to become a modern donor. This know-how is its added value in many development projects abroad.

After the accession to the EU, a large amount of the Czech GNI was contributed to the multilateral EU development budget. The increase from 2000 (USD 16 mil) to 2005 (USD 135 mil) shows the dedication to the common EU development strategy, as majority of this amount was spent on multilateral development cooperation (OECD 2016).

With the systematic consolidation of its development cooperation policies, the Czech Republic joined the elite group of DAC (Development Assistance Committee) of the OECD in 2013. It associates the most developed nations for coordination, policy planning, coherence of rules and reporting, as well as it oversees the effectiveness of international ODA (MFA 2013). With this new membership, the Czech Republic officially joined the club of the developed nations determining the path for global development.

#### **3.2. Transformation of the Czech Development Cooperation – first input for exit**

After the accession to the EU in 2004 the maturing of Czech ODA began, when it accepted the principles of the common EU development strategy, as majority of the ODA was spent on multilateral development cooperation (Government 2004). The programming of development cooperation was set as a common priority; in 2005 we see a sharp reduction of partner countries – 8, with other 27 receiving as much as 25% of Czech ODA. A sharp decrease if compared with the year 2002, where 45 countries received ODA (OECD 2006, p. 11). While this major changes occurred, there is no evidence of how was the exit managed, what steps were

initiated and if there were any follow-up activities in the exited countries. The main conclusions drawn from the analysis of various documents describing the shaping of Czech development strategy however suggests, that before the entry to the EU, development cooperation was distributed on an ad-hoc basis, drawing mainly from traditional ties with countries from the period of soviet influence. However, that was only a little step towards becoming a modern donor. The targets of the GNI spent on development were not met yet, and for future success major overhaul shall to be undertaken. The government decided on the transformation of the official development assistance and ratified the instructions in 2007 (Government 2007). The goal was to increase the effectiveness of ODA, its transparency and accountability. To support the process and gain external expertise, the Czech MFA requested OECD to facilitate a peer review. The peer review (OECD 2006) was an important tool whose aim was “*to contribute good practice and lessons learned to the Czech authorities’ internal dialogue on the reform of their foreign assistance at a time of important legal and institutional changes*”.

In the OECD report many recommendations can be found. Among the most important are the reduction of ODA partner countries. The report highlights, that the funds are distributed among too many partner countries furthermore criticizing, that the Least developed countries are underrepresented (OECD 2006). The Czech Republic had to reduce the number of partner countries and therefore the cooperation must have been exited. The report does not suggest the mechanisms and strategies for a successful termination of ODA in the potential exit countries and does not comment on previous exits of the Czech Republic from partner countries.

The second important recommendation was to consolidate the ODA budget and responsibility under MFA, as it is currently not able to perform its role of ODA guarantor, due to the various responsibilities and activities of other ministries and stakeholders (OECD 2006).

The transformation process was finalized with the adoption of the ACT of 21 April 2010 on Development Cooperation and Humanitarian Aid, and Amending Related Laws in 2010, which centralized the Czech ODA under the MFA and established the legal basis for competencies of the Czech Development agency, which was created in 2008 (Government 2010).

Furthermore, the transformation process set out the Development Cooperation Strategy of the Czech Republic for the years 2010 – 2017 (MFA 2010). The Development Cooperation Strategy 2010 – 2017 subscribes to the standard international principles of modern donor countries: The MDGs, the Monterrey Consensus of 2002, the Paris Declaration on Aid

Effectiveness of 2005 and the Accra Agenda for Action (2008). Furthermore, it was drafted in line with EU development priorities and strategies

In the strategy, new tools and approaches were introduced. Much of these changes and adjustments were taken from the recommendations by the OECD/DAC peer review. The concept sets out the main strategic interests and the territorial and sectoral priorities of the bilateral development assistance. With an established development agency, the main stakeholders, which are the Government of the Czech Republic, Ministry of Foreign Affairs and other resorts decided, that the Czech development cooperation must be more focused, effective and make the most value for money. Considering the small amount of ODA compared to other European traditional donors, these financial flows must be managed more effectively. For the new Strategy of 2010-2017 four sets of criteria were used in the selection of territorial priorities and partner countries:

- 1.) The first one focused on bilateral and development relations with the Czech Republic. This criterion has taken into account the evaluation of bilateral projects implemented by the Czech Republic and the presence of the Czech Republic in the partner countries. The presence of a stable Czech representation in the form of an embassy was considered as crucial, as only with boots on the ground can a modern donor coordinate his activities directly with the beneficiaries. Considering the limited budget, there was no place for establishing country offices of the Czech development agency. A small institution like that, would not be able to effectively manage many small country offices. Therefore, the Czech embassies have taken the role of the development partner on the ground.
- 2.) The second criterion was the level of socio-economic development of the beneficiary country based primarily on HDI and GNI indicators.
- 3.) The third criterion dealt with the country's readiness to receive aid. Here, the choice of priority countries was based on the partnership principle and the needs of the country. Account was taken of those countries that actively sought to cope with their own problems and in which there was a Poverty Reduction Strategy Paper (PRSP). Furthermore, the level of corruption and the level of respect for human rights and fundamental freedoms were also taken into account.
- 4.) The fourth, last criterion, was to take into account the division of labour with other donors. This point was based, in particular, on Czech international obligations in the area of donor coordination.

Based on the above-mentioned criteria, five Program Countries (Afghanistan, BaH, Ethiopia, Moldova, Mongolia), five project countries (Georgia, Cambodia, Kosovo, the Palestinian Autonomous Territory, Serbia) the so-called phase-out countries (Angola, Yemen, Vietnam, Zambia) were set up (MFA 2010, p. 13-15).

Table 1 *Strategy of 2006 - 2010*

Program countries	Angola, BiH, Yemen, Moldova, Mongolia, Serbia, Vietnam, Zambia
Medium-term priority countries	Afghanistan, Iraq
Project Countries	Cambodia, PAT, Kosovo, Ethiopia

Table 2 *Strategy of 2010- 2017*

Program Countries	Afghanistan, BiH, Ethiopia, Moldova, Mongolia
Project Countries	Georgia, Cambodia, Kosovo, PAT, Serbia
Specific countries (phase-out)	Angola, Yemen, Vietnam, Zambia

Tables adopted from FoRS (2011b, p. 6)

The Strategy clearly states, that when formulating the territorial priorities of the Czech development cooperation, all above mentioned recommendations were taken into account. It is clear, that the government tried to focus on the recommended issues: integrating more LDCs, focusing its aid on a limited amount of countries and take advantage of the comparative advantages the Czech Republic can offer.

In the new strategy we see a defined approach towards some of the priority countries, such as Bosnia and Hercegovina, Ethiopia, Moldova and Mongolia. They gained the status of program countries – a comprehensive bilateral agreement for a specific planned period was set up, guiding the principles of the upcoming bilateral cooperation (MFA 2010, p. 14).

The project countries, where “*Cooperation will be based on projects which, while essentially freestanding...*” carry in their names already a connotation of no systematic bilateral commitment, and the rather sporadic description of respective strategies confirms the assumption, that the activities in these countries can be subject for re-evaluation of priorities (MFA 2010, p. 15).

A third category, called by the Czech development community “phase-out countries” carry the title: “*Countries in which cooperation will continue, but with a different focus to the*

*one previously.*“ (MFA 2010, p. 16-17). This does not necessarily give an explanation for the reader, of whether the cooperation efforts will be phased-out, terminated, transformed, or carried on. There is a mention of *“as a responsible donor, must take the steps necessary to ensure the sustainability of ongoing and ending projects.”* (ibid) While the wording of this group is rather cautions, when considered in the context of the Czech development cooperation today and in the past 10 years, these words were supposed to mean what everybody expected: the cooperation will be exited.

For a systematic decision, a table of efficiency of cooperation partnerships with each country and each sector was created – all stakeholders were than able to agree on the degree of efficiency and validity of a continued partnership. While this table is not public record, a representative of the CzDA commented that this table had the final power for decisions. While he did not remember exactly of who proposed what indicators, he stated clearly that the table shows for example a very successful and needed development partnership with Vietnam. The question of why the Czech Republic decided to leave Vietnam despite the table showing signs of valid reasons for continuation, he could not answer as it was unclear to him up until today. In the relevant strategic documents, there is no evidence of a strategy of exit from the mentioned “phase-out” countries (Interview 3).

Together with new establishment of competencies, accountability and strategies with partner countries a manual for implementation of the new development cooperation was created. In 2011 the Manual of Project cycle management described the roles of all actors of the bilateral and multilateral development cooperation in the specific life cycles of implemented projects and programs. This first comprehensive manual described the processes that should lead to the agreed principles (MFA 2011). The project cycle manual was one of the documents, which was firstly discussed among many stakeholders, with the Board for Development Cooperation led the final drafting.

The manual describes the programming stage: who is in charge of programming and what instruments should be used for it. It lays down the specific rules and considerations that have to be taken into account when preparing and proposing a program for a partner country (MFA 2011, p. 8-10) However, while the manual tries to be comprehensive, in the chapter of programming, we see no mentioning of exit or any of its other forms (phase out, transformation) from a program. Therefore, the Manual describes how to get into a partner country but does not deal with the question how, when and who determines when it is time to go.

On the project level the phase of project identification and realization does not mention the exit strategy for specific projects, but we can see traces of an indicated exit in the application forms, via which the projects are chosen for implementation: After the projects are finalized, they are handed over to the local partner, who took a part in the preparation and realization throughout the project life cycle. With this, the MFA and CzDA assure the sense of ownership and accountability of the future functioning of the project, however do not deal with the question of sustainability and exit any further (MFA 2011, p. 19-20).

### **3.3. Modernization of the Czech Development Cooperation and its management of exit**

With the creation of the 2010-2017 strategy, the government, together with other stakeholders already considered before its implementation, for how long should the activities be planned and implemented. The MFA was aware, that the MDGs will be overhauled by 2015 as proclaimed by the UN, therefore, they were considerate with long-term planning (Interview 1). The thought was indeed quite perspicacious – with the new SDGs, agreed upon and proclaimed in 2015, it should take another year until the EU will be ready with new adjusted development policies. Only then it makes for a government sense to apply new regulations and strategies on a national level. 2016/2017 was the period of intergovernmental talks about new possible direction with all these steps leading to the creation of new strategy 2018-2030 (Interview 1).

The Cooperation Strategy of 2010 – 2017 was the first complex document of its kind for the Czech development policy. Therefore, to assure that the country is steering towards the right direction and according to all principles, they decided to initiate a mid-term review (MFA 2014, p. 3). This mid-term review of 2014 had the purpose to evaluate past actions and the choice of priority and partner countries for the upcoming periods. Among others, one of the goals of the government was to undertake rigorous evaluations of specific projects in each one sector, to analyse their efficiency. The mid-term review set out new direction for some of the priority countries:

- 1.) The cooperation with Afghanistan should be decreased. The specific program mainly realized by the PRT which finalized in January 2013, considered the security challenges and unstable political situation. In the mid-term review it was decided, that if the situation will get even worse, the development cooperation with Afghanistan should be “reconsidered” (MFA 2014, p. 8). No description of how this reconsideration should take place and what consequences for the partner country it would have is proposed.
- 2.) The development cooperation with Mongolia shall be decreased due to the recent boom caused by opening its economy towards investment for the mineral resources and its status of Middle-income country. The bilateral projects shall be finalized by 2017. The new priorities focus mainly on the transformational know-how, providing expert training and strengthening of local institutions (MFA 2014, p. 11). While the date of cooperation finale is set, there are no specific indicators of how will be the process during the next 2 years managed. There is no mentioning, of whether the current cooperation was successful enough for the Czech Republic and no mentioning about the strategy of communication of the exit with the partner country.
- 3.) In Cambodia, the current strategy should be followed, however there are suggestions, that the government might reconsider its ODA toward Cambodia and shift in towards Myanmar after 2017 (MFA 2014, p. 12). This statement, if taken out of the political context of the Czech Republic, rather confuses the reader, as there are no mentions of why should Myanmar be a more suitable partner than Cambodia, even though Myanmar was not among the priority countries of Czech ODA in the past 10 years.
- 4.) It is clearly stated that the Palestine Autonomous Territories should remain in the project countries of Czech Development Cooperation.
- 5.) Serbia was considered a successful case. While “*there is still need for development cooperation*”, the situations of the country improved and considering its aspirations for EU membership, the cooperation activities should be finalized by the end of the Strategy 2010 – 2017 (MFA 2014, p. 13). As with the case of Mongolia, there is no mention of the strategy planned for the next 2 years, either with the exit itself or the communication of exit with partners.

6.) The “phase-out” countries have also their place in the mid-term review. While the original Strategy handled these countries as “specific countries” with only a very vague indication of exit, the midterm reviews changes the wording and does use the term “Phase-out” countries. It declares, that the phase out was undertaken successfully, however not giving any prove of this statement. Therefore, it does give the impression that while in 2010 the Czech Republic did not really know how to handle this group of countries and rather awaited the next political and financial development, in 2015 it proclaims its success of exiting from Angola, Yemen and Vietnam, while in Zambia “the development cooperation should continue” (MFA 2014, p. 16).

The decisions of which countries should remain and which countries not in the prepared strategy after 2017 was led mainly by the MFA as the policy leader of development cooperation, with partners such as the CzDA and the Council involved (Interview 1).

In 2016 the first OECD DAC peer review of the modern Czech development cooperation was held. It praises the success of the transformation and its adherence to common international policies and goals. The main critique aims at the ineffective prioritization – still too many partner countries with too many various sectors or even stand-alone projects decrease the impact the Czech ODA is giving. It appreciates the plan for reducing the number of priority countries in the next strategy to 6 and to limit the amount of sectors in each country, but states that *“having a clear exit strategy in place, can help ensure that successful interventions remain sustainable and that partner governments are aware of Czech plans”* (OECD 2016, p.38).

To conclude the strategy of 2010 – 2017, it is essential to state, that the exit process from the phase-out countries such as Angola or Vietnam was not addressed by the MFA in any other way than in the mid-term review. The reader is not able to understand the conditions of the exit, the decision making process behind it and the future strategy for the exited countries. This might be due to the small amount of budget allocated for these countries but also due pressing need of exiting a number of countries to satisfy the OECD recommendation. The Czech Republic tried to accommodate all foreign policy priorities into its future development strategy, which caused a seemingly abrupt exits.

### **3.4. New strategy – New exits**

With the expiration of the Strategy of 2010 – 2017 a new strategy paper was to be presented. In accordance with the 2030 Agenda for Sustainable Development, the Czech development cooperation presented its Strategy of 2018-2030 (Government 2017). Referencing the Sustainable Development Goals as the leading line throughout the strategy, it presents the visions, main instruments and points of interest of the new era of a modern development cooperation. Using the term “partnership”, it stresses the need of participation, ownership and communication with the recipient countries. The strategy builds on the previous concept, the mid-term review and the OECD peer review evaluation of 2016. The result of the lessons learned is visible: the number of partner countries is reduced, the number of sectors in each country is limited to 3, and the stress on the Czech Republic’s comparative advantage is recurrent throughout the document (MFA 2018b, p. 11). Last but not least it clearly submits to result and impact based management (MFA 2018b, p. 22).

While in the Concept 2010-2017 the partner countries were divided into program countries and project countries, the new Strategy of 2017-2030 has for all partner countries a bilateral program, signed and agreed bilaterally between the governments. However, there are still few countries, where the Czech Republic provides ad hoc support, depending on the current situation and the political context. It was only with the new strategy, that the government admitted, that providing systematic support to countries, with which there are no properly grounded rules of cooperation and agreement, might not be beneficent and efficient (Interview 1)

While the Strategy 2018 -2030 does not specifically mention the partner countries, they are agreed upon strategic documents for each partner country and available online. The partner countries for the period of 2018 – 2023 (an evaluation of the strategy is planned for 2024) are Bosnia and Hercegovina, Cambodia, Ethiopia, Georgia, Moldova and Zambia. Each strategic country paper is a thorough analysis of the current state of cooperation, the most pressing needs and priorities for each country and risk management. The criteria for selection of priority countries are very similar to the previous Strategy of 2010 – 2017, namely: the need for development cooperation; the interest for cooperation by the partner country and current relations; the results of current development cooperation and the added value of Czech Republic; and the level of donor coordination (MFA 2018c).

The Strategy of 2018 – 2030 contains a review of the previous period. The evaluation table shows, what parts of development cooperation were implemented successfully and where the Czech Republic has still room for improvement. In this review table, the line of Project Cycle contains findings such as ineffective formulation, evaluation and monitoring of projects and programs. The recommendation for the upcoming period is defined as “*Improve risk analysis and management, strengthen results-oriented monitoring, and define exit strategies more clearly.*” (MFA 2018b, p. 24). Furthermore, in the specific country strategy papers, we see in the chapter of Risk management the statement, that during the project formulation phase of the project, more focus will be put on a well prepared exit strategy.

While it is a good sign, that the term exit strategy resonates more often throughout the strategic documents, it concerns only the project level management, not the program level management. The importance of project exit strategies shall not be downplayed, but the need for an effective program exit strategy is not addressed in any of the new documents. Furthermore, while the representatives from CzDA and Caritas agreed in the interviews, that an exit strategy is essential for every modern donor to implement effective development policies, the MFA concluded, that an exit strategy for country programs are not a priority, as the current processes of exits are effective (Interview 1).

### **3.5. What happened to Mongolia, Kosovo and Serbia?**

In the new strategy of 2018-2030 the exited countries (Mongolia, Kosovo and Serbia) are not referenced and no explanation of why and how those partner countries were exited is provided anywhere in the archives of the MFA or CZDA. No program evaluations before or after the exit were undertaken nor announced. While the strategy refers to the previous strategy in the introduction, it does not specify, how the specific cases of exit were managed and with what result. The main idea of the MFA was not to eliminate the countries that did not meet the criteria, but define those countries that do comply to the criteria. In other words, countries such as Serbia and Mongolia were not exited because there was something wrong with them, but because they moved forward and development cooperation in the classic context of Czech Republic was not needed anymore (Interview 1).

However, if we take into consideration the third criterion of selecting program countries, namely “the results of current development cooperation “, to effectively evaluate if the previous priority countries meet this criterion, a measurement of the results should be undertaken. For this purpose, evaluations are recommended by the OECD standards. But for exited countries such as Serbia, Mongolia or Kosovo, no program evaluation before or after the exit were announced. The implications of exit are not measured or monitored. According to the MFA, a project level exit strategy is sufficient (Interview 1). According to the project Cycle Manual, every project should have its own exit strategy (however, this is not implicitly stated in the project proposals and project documents). Due to project level exit strategies, a program level exit should be sustainable and successful. The MFA furthermore states that follow up on ended projects is a part of regular process. Due to only a handful projects implemented in each of the countries, the overall implication of a program exit would not overreach the implication of the finalized projects. And because the Czech Republic is a very small donor with a limited budget, the implications of exit are expected not to affect the recipients or partners significantly (Interview 1).

The exit from Mongolia, Serbia and Kosovo was according to the MFA a mutual process. As we will see on the case of Serbia in the next chapters, it was a long-term process with all parties engaged in the discussions. Mongolia had the program status until 2017, with substantive hard projects amounting to a large portion of funds. The MFA analysed the newly transforming political situation in Mongolia, with their priorities shifting towards a rather fossil and energy strong country. The proposals of cooperation by the Czech Republic did not meet the expectations and wishes of Mongolian government. In the mid-term review it was decided, that the project support of Mongolia will be gradually decreased until the concept will come to closure in 2017. Surprisingly, according to the MFA, the Mongolian government was not against these decisions. They installed new administrative hurdles, did not compromise on the taxation issue and did not agree to sign a program MoU with the Czech Republic for further bilateral development cooperation (Interview 1). The conclusion was, that the partner country was not willing to accept the cooperation status and conditions, and the government itself let the situation turn into a process of exiting. The willingness of the partner country to accept cooperation was therefore not met, and logically, the cooperation was terminated.

On the other hand, the representative from Caritas CZ, which was and still is active in Mongolia stated, that the communication of the exit from Mongolia was very poorly managed. While he accords that the FoRS organisation, that assembles the NGO sector, was actively

involved in drafting the strategies, he denies that any official statement of why, how and when the exit will happen was delivered by the government. It was known to the development community that the cooperation with Mongolian officials was difficult, which might have motivated the Czech Republic to end its cooperation program. However, as he stated “*Than I see no reason why we are still working with Ethiopia. It is very difficult to manage the cooperation with local partners there as well. Well, it is difficult in all countries*”. He adds that according to him, the job was not done in Mongolia (Interview 4).

While we see some opposing arguments about the success of the exit, it is important to consider the interests of the NGO or private sector when advocating for strategic decisions within their platforms. Mongolia used to be one of the largest beneficiaries of Czech bilateral ODA, amounting for up to 62 mil. CZK (13,5%) in 2012 (CzDA, 2012). For the NGO sector, it was a vital part of their income therefore naturally, their interest in remaining in Mongolia was evident (Interview 4). While the lobby from the NGO and the Czech private sector was significant, it was not the intention of the government to force the cooperation onto, or to create dependency (Interview 1).

In Kosovo, the projects in the previous period were considerably smaller and with Serbia exiting the partner status, it was according to the principles of Czech foreign policy, that the cooperation will be finalized also with Kosovo (Interview 2).

On a political level, the discussion was led by both parties – the countries itself brought the input of closing bilateral program activities and asked for other form of engagement – more focused, more rigorous and with no bilateral agreement attached. As the process was mutual, no negative political implications were registered and no new implications are expected (Interview 1).

The exit strategy, while not worded in a comprehensive manual or incorporated in the bilateral strategies, is according to the MFA in accordance with the OECD recommendations and standards. The MFA claims, their steps were managed according to the overall accepted standards of exit – a slow systematic phasing out, donor coordination about the sustainability of the activities, and specific follow-up measures according to the need of the countries in question (Interview 1). Furthermore, EU cooperation is a large integral part of Czech development policy – therefore the EU development activities are considered as a part of continuous efforts the Czech Republic makes to guarantee sustainability in exited countries. A

political intensive cooperation with exited countries is part of the guarantee for sustainability (Interview 1).

The last noticeable change in the strategy was the case of Zambia. Contrary to the before mentioned cases of exit, Zambia was a curious case, as in the 2010-2017 concept defined the country as a phase – out country, where the cooperation will be slowly decreased and other forms of cooperation will be placed into effect. However, in the 2018-2030 strategy, Zambia is again reinstated as a priority program country. While in Zambia there was no Czech embassy, making development cooperation ineffective and hard to oversee and manage, the country was represented by the embassy in Harare – Zimbabwe, which was to be closed by 2014 (Kořan and Ditrych 2012, p. 259). Mainly due to very successful projects and the initiative of the Zambian government, the exit from Zambia was reconsidered (Interview 1). Good relationships in the economic and development areas led to the opening of a Czech embassy in Lusaka in 2017. Zambia became again a priority partner country of the Czech development cooperation. The flexibility of the Czech government in the case of Zambia shows, that an announced exit does not have to be fulfilled, if the priorities of both governments change during the process. On the other hand, as with the cases cited above, the transparency of these decisions might be questionable, as there are no public records of the reasoning behind this decision.

### **3.6. Summary**

Throughout the modernisation process of the Czech Development Cooperation in the past 10 years, some territorial priorities were shifting, as the process graduated. The new territorial priorities were concerning bilateral programs, which were terminated or reintroduced. The first change came with the Strategy of 2010 – 2017. The phase – out countries (Angola, Vietnam, Yemen, Zambia) were, according to the MFA successfully exited, while in Zambia, the cooperation was re-established. For all phase-out countries, no documented evidence of reasons for exit were found. Furthermore, it was established, that this group of exited countries might have been poorly communicated among the stakeholders. While there is no evidence of negative consequences of the exits, the question arises whether the evidence would appear if a thorough evaluation in all exited countries was implemented today. Considering, that the process of these exits was happening early after the transformation, the poor communication can be subscribed

to the complex challenges all stakeholders were facing. For the timeline we see, that from 2010 – 2015 the stakeholders were preparing for an exit and alternative instruments to use after the bilateral programs are terminated. However, this is not evident from the analysed documents, but only from the aforementioned interviews. After the mid-term review, the programs with Vietnam, Angola and Yemen were ended.

Since the mid-term review, the exit from Serbia and Mongolia has been planned, with the termination set out in 2017. The reasons of exit were analysed and if tested on the criteria for selection of priority countries in the Strategy of 2018 – 2030 we can see, that Mongolia does not comply to the criterion of willingness of the partner to receive aid. With Serbia, it was the criterion of the need to receive aid and the results of the cooperation. Kosovo is much neglected throughout the documents and we can only assume according to the interviews, that it was planned similarly to the other countries, but much influenced by the current relationship with Serbia. The communication of exit in the case of Mongolia can be assessed as poor, with only few sentences referencing the change of policies written down in the mid-term review. The only indicator of the exit is the decreased funding for bilateral projects with Mongolia throughout the last five years of the program (Annual reports of the CzDA). Similarly, there are no evaluations of the program undertaken nor planned for the future to assess the success and efficiency of the decades long partnership.

All in all, the above mentioned exits from Angola, Vietnam, Yemen, Mongolia, Kosovo and Serbia indicate common traits such as the lack of systematic announcement of exit and its explanation; the lack of transparent communication channels to the Czech stakeholders such as the NGO and private sector; the character of ad-hoc decisions which on the other hand may be beneficial for the flexibility of the whole exit process and the lack of readiness for evaluations at the end of the programs or a reasonable time after the exit. Therefore, no data based evidence is provided for the effectiveness of the programs, the time management of the exit and the success. This is in contrast to the overall strategy of the Czech Development Cooperation of result and impact based management (MFA 2018b, p. 22). In the next chapter, the case of exit from Serbia will try to illuminate these issues more deeply. The result should serve as a tool for indicating improvements for future exits.

### **3.7. Short overview of Czech-Serbia cooperation**

Serbia is among the leading countries of the Western Balkan region currently undergoing a dynamic period of EU accession talks. However, it was a long way towards this goal. For the purposes of this thesis, the overview of the Czech-Serbian relations will focus on the periods of modern cooperation (since 2004). Serbia had undergone many difficulties on its way towards a modern developing state. The 90s were in the sign of war and ethnic clashes, with the international community being involved in interventions and the peace process. It was only after the millennium, when political and economic reforms under a rather stable government were proposed and implemented. Czechoslovakia and the Yugoslav republic, both predecessors of the current states, had tight relationships before the two world wars, both being Slavic countries with similar languages, today drawing from past friendship (Mikule 2005).

The Poverty Reduction Strategy Paper of Serbia (World Bank, 2003) is the leading document for the country's strategy of development. Its aim is to reduce poverty occurring specially in the South and South-east of the country affecting the most vulnerable groups. However, its main focus lies in the need of economic growth:

*“In the first place, a strategy of dynamic economic growth and development, with an emphasis on job creation in the private sector. The increase in economic activities and greater international competitiveness of the domestic economy will lead to an increase in GDP, the creation of new jobs, better incomes and real sources for financing social and other public needs.”*

The foundation of this idea is clear: Economic growth is seen as the only means by which to improve the standard of living of its citizens while at the same time eradicating poverty (World Bank 2003, p. 4).

The choice of Serbia as a development cooperation partner of Czech Republic is interesting, if we consider the level of its GDP if compared to other partner countries of the Czech Development Cooperation. While in 2000 we see due to the current internal turmoil the low point of its development, since 2007 the country's GDP per capita had a continuous positive trend.

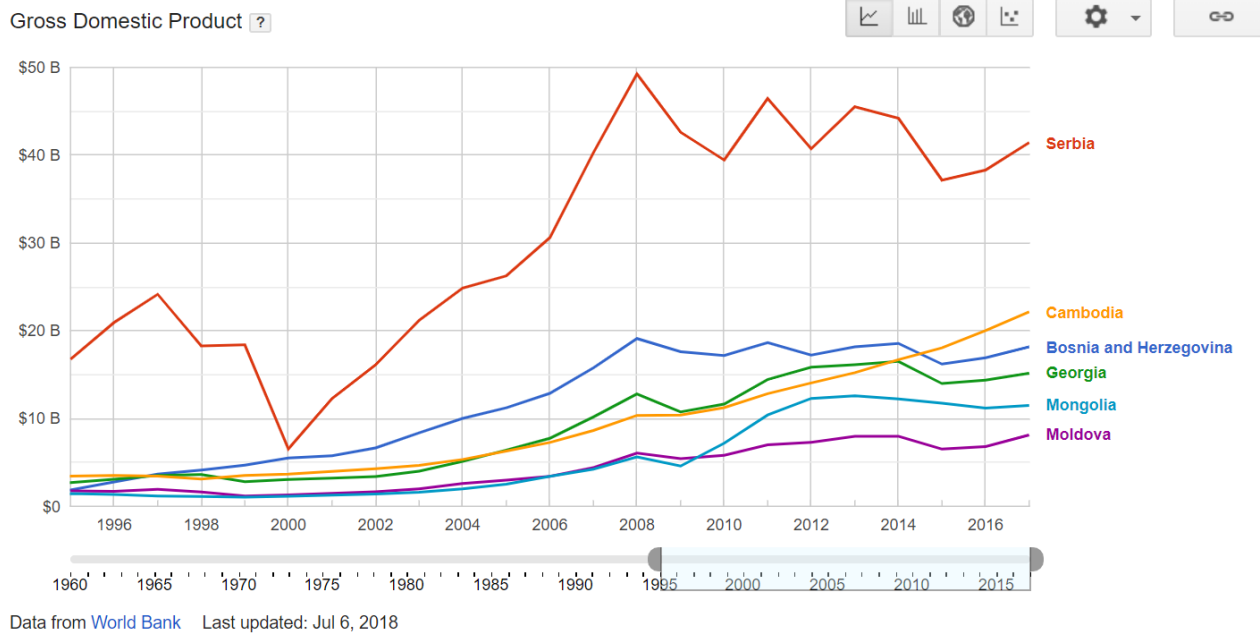


Table 3 GDP of priority countries of the Czech ODA

Data created via google, 3.4.2019

However, based on a survey in 2013, around 24.5 percent of the population (or just under 1.8 million people) in Serbia were at risk of poverty. At the same time, there is a high degree of variability in living standards within the country (World Bank 2016, p.5). This disparity might give some explanations of why the Czech development cooperation with Serbia was implemented. The economic strengths of the country provide a fertile ground for investment and trading interest of the Czech private sector and therefore increases its importance to Czech Republic as a partner country, which was in 2016 the 14th most important trading partner for Serbia (Businessinfo 2018). Unlike other priority countries of the Czech ODA, Serbia enjoyed a special status on development cooperation. Czech Republic was a modern country which had undergone the transformation process from its past regime and more recently the transformation process for becoming a EU member country. As Serbia was coming closer to the negotiation table with the EU, it was in the minds of government officials, that in the nearest future, another steps forward in the accession talks will be made. Therefore, the status of Serbia shifted from a program country to a project country. Anticipating, that the money flow will be decreased while Serbia will get closer to accession EU funds (Interview 1).

With Serbia aiming for the same results of EU membership, it was on the table, that the Czech Republic might serve as a mentor in the upcoming periods. The transformational support was supposed to be implemented with the instrument of Transformational cooperation under the auspices of the MFA and the instrument of Temporary Expert Assignments implemented by the CzDA.

In 2013, the Development Cooperation Agreement between the Government of the Czech Republic and the Government of the Republic of Serbia was signed in Belgrade. This should strengthen the contractual base in the development cooperation area, in particular with regard to the exemption of Czech development projects and their implementers from import duties, taxes, visa and other charges (MFA 2010b).

In the previous strategies, Serbia has been a priority country. In the 2010-2017 concept, Serbia gained the status of a project country, with no comprehensive program on development cooperation. There were however defined sectors within which specific projects were chosen (Interview 2). That was also due to the fact, that the Czech government already knew, their activities in the country will not last forever. The EU accession status would open new financial funds for Serbia, and a systematic development intervention would not be necessary. The project country status therefore allowed the Czech Republic to plan ad hoc projects in sectors, where it saw its added value, one of those being the transformation know-how. In the mid-term review, first signs of official exit of the Czech Republic is indicated as the government decided that the priority status with Serbia should expire by 2017 (Interview 1).

Beside the political and economic motivation for a decreased status of cooperation was also the issue of dependency of the Czech NGO and private sector on the development cooperation. In Czech Republic, only a handful of NGOs and companies are actively engaged in the development cooperation via grant and procurement, creating their own niche in the Czech and European competitive markets. Some of them were actively involved in Serbia in the country for more than 10 years, already establishing their local branches with commercial activities next to their development contracts. This was one of the inputs to convince the government, that Serbia is an ideal case for engaging in development via the private companies. The market was stable enough to motivate companies for expansion, and the Czech community of NGOs and private sector became during the years very solid. The idea therefore was, that Czech Republic will not deliver development through the bilateral program or projects, but use

more complex tools such as the B2B Program or the Transformational cooperation program for continuing its presence (Interview 1).

### 3.8. Reducing the budget – indication for exit?

Table 4 Number of bilateral projects and other instruments used in Serbia in the period of 2010 - 2018

Year	Amount spent (CZK) on bilateral projects	No. of bilateral projects	Other instruments used
2010	20 329 526	4	1 T
2011	32 786 769	7	3 T
2012	32 507 392	7	1 T
2013	17 863 873	5	1 T
2014	13 998 647	9	1 FS, 1T
2015	18 385 679	12	1 T, 2 EA
2016	18 385 679	5	1 T, 1 FS, 3 EA
2017	4 339 726	1	4 FS, 5 BP, 2 EA
2018	1 544 189	1	1 FS, 3 BP, 1 EA

T: Transformation Cooperation

FS: Feasibility study (B2B Program)

BP: Business partnerships (B2B Program)

EA: Temporary Expert Assignment

Table created from Annual reports of the Czech Development Agency 2010 – 2018

During the period of 2010 – 2017 the budgeting of bilateral projects in Serbia does not show a logical pattern. Since 2015 the large bilateral projects were finished, with no new hard projects implemented. The focus shifted towards the transfer of know-how especially in the field of political transformation and good governance.

While it was indicated that the funds will continuously decrease throughout the period, there are disparities visible for example in years 2015 and 2016 where the budget was increased. This was mainly due to available funds of the Czech Development Agency for continuing projects. While it proposes specific budgets for specific countries by the end of the year for the upcoming periods, not always are all funds successfully spent. Due to the flexibility of budgeting, the funds can be redirected to other countries or sectors, depending on the need and availability. This was the case of Serbia, where lost finances from other countries were redirected towards projects in Serbia. In 2016 for example, the agreed budget for Serbian

bilateral projects was 14 mil. CZ – that would mean a decrease according to the plan, however the actual amount of spent finances was 17,8 mil. CZK (CZDA 2016, p. 53). Some projects needed a rougher follow-up which included spending more finances than previously agreed. Lose funds were used to cover these needs. In the 2017 we see a sharp decrease of the budget, signaling the end of bilateral cooperation. Only 1 project was implemented: “Transfer of transformational experience for the development of civilian contribution to foreign missions of Serbia“ (CZDA 2017, p.52) Curiously, we see that in 2018, one bilateral project was implemented, even though Serbia is not a bilateral partner country in the 2018 -2030 strategy. The implemented project was a continuation of the 2017 project for transformational experience (CZDA 2018, P. 42) The engaged stakeholders agreed, that the project does need one more year to fulfil its goals and indicators. Due to the available funds, the need of the recipient and the cooperation of the implementing organizations, the project continuation was agreed.

The Transformational Cooperation program implemented by the MFA is a complementary part of the Czech development cooperation. However, it is independently agreed and defined, focusing on countries in the transformation process or under undemocratic regimes. The main aim of the Transformational Cooperation is to build and strengthen democratic institutions, the rule of law, civil society and the principles of good governance. It is mainly implemented through education projects, dissemination of information, opinions and transfer of experiences (MFA 2011b). While the strategy papers of the Czech government, whether it be the MFA or the Czech Development cooperation stress the need for transformational experience exchange and define it as the priority for Serbia during its project period of 2010 -2017 (MFA 2010, p. 14), the actual number of Transformational cooperation projects implemented in Serbia since 2010 is not that high, compared to the total amount of 265 mil. CZK spent on the program (Annex. No. 6). The amount for one project per year in Serbia ranges from 300 000 CZK to 1,7 mil. CZK. The annual budget for the whole Transformational cooperation program per year accounts for approximately 50 mil. CZK CZK. In most of the years of the period, there was only one project implemented with the exception of 2011 (3 projects). While the strategic documents stress the suitability of this tool for countries such as Serbia and declare it as a perfect tool for continuing the development presented even after the exit, the number of projects and their financial amount do not correspond to these statements.

Since 2015, the Temporary Expert Assignment tool was used in Serbia as well as in other countries. The overall budget for the Temporary Expert Assignment to all countries did not exceed 5 mil. CZK per year throughout the period. In Serbia, we see that in 2015 2 projects

were implemented, in 2016 up to 3 projects were implemented, with 2017 accounting for 2 projects and 2018 for 1 project. The Czech development cooperation used the new tool in the period of decreased engagement as stated in the strategic documents.

The engagement of the private sector through the B2B Program was another step put forward for a successful follow up of the bilateral cooperation. The B2B Program aims to decrease the financial risk of Czech companies when establishing business partnerships in developing countries. It supports projects throughout the sectors, which aims to provide the local companies with know-how and technologies that would contribute to development of the private sector of the recipient country and create new employment opportunities. Serbia was one of the first three countries for which the program was opened (2015 – 2016) (Interview 2). After, it opened up to all developing countries. The companies could gain grant support for feasibility studies (FS) or business partnerships (BS). In the last three years Serbia was the most popular destination for applicants, with up to 16 grant application in 2017 (out of 91). The B2B program aimed at supporting the Czech-Serbian relations through economic cooperation with a development factor. This was much welcomed by Serbia as it wanted to bring more investors to the country and appreciated the new business opportunities. The Czech companies who were traditional implementers of the bilateral cooperation project, could focus now more on their economic performance in the country. According to the local authorities of Bela Crkva, Novi Sad or Valjevo, the B2B program facilitated new partnerships not only between Serbian and Czech companies, but also helped the state institutions via feasibility studies to create technological solutions for their problems. However, if taken into the context of alternative tool for an exited cooperation, the Czech Republic should focus on a constant or increased engagement of the Czech companies in Serbia. This is not projected in the above table, where we see an unsystematic use of the B2B program tool.

According to the Czech Development Agency, since 2015 no new project identification missions were planned. The partners and beneficiaries were informed throughout various working sessions, that the bilateral cooperation will no longer proceed after 2017. The assumption therefore is, that on the working level in the field, the beneficiaries and partners did know about the planned exit since the moment when the plan for exit was communicated in the MFA institutions (Interview 2). The main role for communication was the responsibility of the Czech embassy, which was in charge of government meetings throughout the program period. Furthermore, the regular meetings of donors at the European Union Delegation in Belgrade

offered a platform for mutual discussions and coordination. This was according to the embassies superior, the MFA, successfully managed (Interview 1).

On the other hand, the intensity of communication differs among the various levels of government. While the ministerial level was very much aware of the exited cooperation, confusion was visible among the representatives of municipalities and regions when addressing the issue of continuing cooperation (field visit 2018, Novi Sad, Bela Crkva, Valjevo, Vrsac). In some cases (Vrsac, Valjevo), the communication about exit was according to the responses absent, however the partners were not surprised when the termination of program activities were explained to them. For these municipalities, it was essential, that the Czech companies continue their activities in the region, whether with or without the support of the Czech Republic. As the partnerships with the companies were on a good level, they did not seem worried, that the program exit would influence their current situation. As no new bilateral project were available to them for the past 3 years, they did not expect new bilateral projects to be implemented. However, in the case of Bela Crkva, the communication turned out more difficult. The representatives of the municipality were proposing new bilateral projects, especially in the waste-water treatment sector. They argued, that a non-continuation of the waste-water projects paralyzes the current development. Furthermore, they were facing problems with gaining funding from the EU funds for construction of new facilities due to the lack of proper project documentations. These project documentations were costly, and the municipality could not afford investing in their drafting. On the other hand, the Czech companies that were involved in the implementation of the bilateral projects agreed, that while they are ready to provide the municipality with their assistance and even construction, they are not able to do so now, as the funding from the EU is not available and the municipality does not have enough finances for the needed project documentations. All involved parties – the Czech companies and the municipality of Bela Crkva called for a more rigorous follow up, as the opportunities for assistance in this specific sectors are viable.

The visit of the Director of the Czech Development Agency in summer 2018 during which all above mentioned issues were discussed, led to the reconsideration of the strategies of the small follow up instruments of the Agency, namely the B2B Program. To increase the added value of the successful engagement of the Czech companies in the region and to bridge the financial gap between opportunity and actual funding for construction by the EU funds, a new instrument was introduced in 2019 – the grant for project documentation. This grant was introduced to Czech companies, which can apply for up to 5 mil. CZK, with their own 50% co-

financing, for drafting a rigorous project documentation which would be then handed over to the municipality. The municipality could then use the documentation to apply for the EU funding for construction. This instrument was available already in 2019. A total number of 3 project documentations were approved, 2 of them in Serbia and one of them specifically aiming at the waste-water sector in Bela Crkva: *Preparation of project documentation for the construction of waste water treatment plant in Bela Crkva* (implemented by the company VHS Brno a.s.) (CzDA 2019).

The prompt reaction on the needs of the local stakeholders indicates, that the strategies are serving only as a general frame to indicate future engagements of the Czech Development Cooperation, but do not dictate the specific steps to be undertaken. While on the one hand it indicates lack of transparency for the partners in place but also for the actors in the Czech development scene, it allows the government for flexibility. This flexibility is used in the above mentioned case for the benefit of the recipient, to assure his needs are met and the follow up activities support the effectiveness of the decades long partnerships.

### **3.9. Review of the exit process from Serbia**

We see that the exit from Serbia had its specific stages of various importance for the exit. For this, we first use the example of Serbia on the model of Levinger and McLeod (2002). They propose three models of exit: phase-out; phase-down and phase-over. While it took a considerable time to categorize Serbia to the phase – out countries officially, we see a general pattern that corresponds to the characteristic of a phase – out country since 2010. In the Concept of 2010 – 2017, Serbia lost its status of a program country and was awarded the status of a project country. As explained in the previous chapters, this led to a more ad – hoc strategic planning of finances and projects, provided for more flexibility and indicated to the partner country, that the bilateral engagement could end in the upcoming periods. From 2015, we see more rigorous engagement of the Czech Republic towards exit – proposing alternative tools for cooperation, decreasing the financial budget, not planning new projects, and leading discussions with partners about future exit. After 2018, Serbia was officially exited, with alternative tools used for following up the cooperation. On a macro level, we can see a slow process of phasing out. Started in 2010 with project country status, in 2015 with first

formulations of the definitive idea of exit and 2018 with the official exit with follow up activities. According to the phase – out definition used in this thesis, we could define the phase-out from Serbia as an eight-year long process.

For a more detailed analysis of the exit process from Serbia, I use the guidelines by Oswald and Ruedin (2012) adapted by Lee (2017). These guidelines help me to define the possible challenges that were present during the exit process. The result of this analysis could lead to specific recommendations for a better guarantee of a successful exit.

## **1. Transparency**

To assure that the process of exit is transparent to the cooperation partner and other stakeholders involved, a plan for communication of exit must be set out and comprehensive explanations of methods and timelines must be presented. Serbia gained the status of a project country in 2010 and therefore no binding program was planned. With Serbia approaching the EU accession status, all partners were aware that the development cooperation cannot last forever and that a timeline approaches. However, it was not until the mid-term review, when the intention of future exit was laid down. Nor was the intention very specified. However, the government actors did understand, that they have to prepare their partners for a soon exit and did so accordingly during their work meetings (Interview 1, Interview 2). The communication was not planned not was is systematically approached. While the financial plans allocated for Serbia were decreasing annually, the stakeholders understood that bilateral aid should reach its end by 2018. However, the government did for the past ten years stress the importance of transformation know-how that should be offered to Serbia and the option for economic partnership as a follow-up activity for the years of bilateral aid (Interview 1). While the B2B program presents itself a suitable instrument for an economically strengthening country such as Serbia and enjoys the popularity among the actors, the numbers of the Transformation cooperation program do not hold up to the promised scope.

## **2. Inclusion and predictability**

In this process the key for an exit strategy is to include all relevant stakeholders to the process of planning and implementing the exit. As Serbia is continuously reaching the EU accession status during the past fifteen years, the stakeholders on the side of Serbia – including

the top and local governments, were aware that the future form of cooperation should shift from traditional aid towards economic partnership. The local institutions, where bilateral projects were implemented and finished were aware of the coming exit (field visit 2018). While they would not decline further traditional projects in their respective communities, they knew that their status as an upper-middle income country with the possibilities of reaching for new EU funds would not go in line with the aim of the Czech Republic being a responsible donor. The communication of the Czech government workers towards its Serbian partners was clear after 2015. The intention of exit was communicated also on the level of international donor meetings by the EU delegation in Belgrade (Interview 1). At the home front in the Czech Republic, the intention of exit was communicated at the Council of Development Cooperation and during working meetings with the companies and NGOs. The exit was also confirmed by the Director of the Czech Development Agency on his trip to Serbia in summer 2018. He communicated to all stakeholders the definitive exit and discussed other means of cooperation which are available to the Czech government. The communication of exit was undertaken according to the principles of MFA on a diplomatic and political level (Interview 1). This dialogue is formalized. The question of „Was the exit communicated with all stakeholders?“ could be answered positively, however the more important question would be „What was communicated?“. If we look at the strategic documents, we see only after 2015 mentions of „decreasing“ financial assistance. Much attention was given to alternative programs such as the Transformation Cooperation or B2B program as an appropriate alternative not only for Serbia but also for the stakeholders in the Czech Republic. The NGOs could join the Transformation Cooperation program to continue with state support their activities in the country while companies could strengthen their business presence via the B2B Program. This communication process was however evolving during the process of exiting, it lacked proper preparation and systematic management. While the inclusion principle was met, the predictability principle was not thoroughly implemented until the end.

### **3. Flexibility**

To manage an exit fairly towards all parties involved, the donor should take into consideration possible challenges or alternations on the way towards exit. Staying flexible in capacities and financial budgeting is a very essential tool for a donor. The budgeting mechanism of the CzDA allowed for such flexibility during the exit process from Serbia. Considering now

only the program level, budgeting for partner countries is reviewed annually for every upcoming year with a forecast for the next three years. These three year plans might change according to the status of the program after the end of each year and might change also during the year itself. While the proposed budget is binding, the agency can afford with the cooperation of MFA, to adjust its budgeting according to current needs. That is visible in many years in the case of Serbia, where the original budget was increased. In 2016 for example, the agreed budget for Serbian bilateral projects was 14 mil. CZK, the actual amount of spent finances was 17,8 mil. (CZDA 2016) in 2015 the financial amount was increased by 1 mil. CZK. Another example of the flexibility of the Czech development cooperation is the case of the project „construction of canalization network in Kruščica“. The project itself was completed and the canalization network built, however problems with the partner organization financed by the Swedish government caused, that the wastewater treatment plant to which the canalization was supposed to bring the sewage, was not build. The sewage therefore exited in a middle of a field (Interview 2). The agency was heavily criticized for poor management and communication (Interview 2). However, the flexibility of the budget and staff allowed the agency to continue its effort until the wastewater treatment was successfully build (Interview 2). While the mid-term review suggested the intention of exit from Serbia by the end of 2017 and the Strategy of 2018-2030 does not include any mentioning of Serbia and possible follow ups, the Annual report of CzDA shows, that one project in the amount of 1,4 mil. CZK was implemented in 2018 – therefore not according to the official strategy. The project aims at expertise training for the Serbian government staff for future involvement in EU and UN missions. There was a need and a good idea from the Serbian side, and the Czech Republic could agree due to its flexibility (Interview 2). Furthermore, the case of the expansion of the B2B Grant programme serves also as an example of flexibility of the government. Only 5 months after the visit by the Director of the Agency, a new Manual of the B2B Program was presented, with a new tool of Project documentation (CzDA 2018b). This was installed due to the need of the local stakeholders in Serbia to bridge the financial gap between planning and construction. According to the above stated, Czech Republic has a flexible mechanism that can respond to challenges during the exit process.

#### **4. Obligation**

The identification of possible risks for local stakeholders of the recipient country must be systematically addressed before during and after the exit. Risk assessment is an essential part of programming and project management. As a clear exit strategy is missing in the Czech

development cooperation system, the risk assessment must be analysed from other sources. While the strategic papers do not cover the issues of possible risks, we find in the project cycle manual various forms of risk awareness. However, this concerns only the project level of cooperation and is evaluated on a case to case basis independently for each project. The risk management of the Czech development cooperation on a program level is therefore absent. By regular communication, the risks can be managed on a rolling basins throughout the exit process, however there is no instrument to prevent the risks from actually occurring.

The framing by the guidelines of Oswald and Ruedin can help us understand the successes and pitfalls of the Czech Republics exit from Serbia. We see that not all aspects of their guidelines were managed well however, a high amount of willingness of the Czech government can be subscribed to it. The willingness to assure, that the interventions will not abruptly end according to a set plan, allowing space for adjustments.

## **CONCLUSION**

The core aim of this thesis was to analyse the exit process of the Czech Development Cooperation. Furthermore, the case of Serbia was used to present the strategies, communication, data and methods of the exit process. The aim of the thesis is to answer the following research questions: How does the Czech Republic manage the process of exit? What strategies and mechanisms were developed and used for exit? What are the lessons learned for small donors for their future exit procedures? Following the analysis of various exits and the case of Serbia, some conclusions can be set out to help answering the research questions.

The exit process of the Czech Development Cooperation is still an underestimated issue. While modern donors discuss the need for a comprehensive exit strategy, evaluate their past exits and establish guidelines for an effective and transparent exit, in Czech Republic this debate is at its very beginning. The need for an exit strategy is voiced by some stakeholders. However, the main implementer of the development cooperation – the MFA, does not initiate the creating of an exit strategy at this moment. The reasons might be the following: The Czech Development Cooperation in its modern transformed version is rather new among the western donors.

Therefore, still much attention is given to set out proper strategies which are in accordance with the OECD recommendations. Attention is still not given to the specific part of the strategy (such as exit), but to the overall successful implementation. In 2019, a mid-term peer review by OECD will be conducted. This review should confirm the positive changes in the new strategy. If confirmed, more time and resources will be available for focusing on specific issues such as the exit strategy. The question is, whether the MFA will be willing to undertake this step. However, if the stakeholders such as FoRS or the private sector will voice their concerns about the need of an exit strategy, the conversation will have to start. Considering the size of the bilateral programs of the Czech Development Cooperation, which is one of the smallest among the donors, the impact of an exit is not considered by the MFA as essential. Other financial resources are available to the countries, especially in the case of Serbia. Furthermore, the MFA does not see the need for an exit strategy, as it considers its process of exiting as successful even without a comprehensive document as it allows for flexible decision-making. But how is the exit managed?

The management of exit cannot be traced in the official documents by the MFA nor the CzDA, however also no secondary resources address this issue. Therefore, for a proper understanding of the process, interviews must be conducted. Only then, the data analysis of the financial flows, specific projects and other instruments used give meaning to the explanation of the exit process.

The process of exit of the Czech Republic can be logically divided into three parts:

- 1.) the initiation of exit: there are first indicators, that the bilateral program will end, with yet no clear vision of when and how. However, the internal discussions among the stakeholders are initiated. The budgeting of the program is not yet decreased.
- 2.) the termination of bilateral projects: the budgeting reaches its peak and for the following period no new projects are approved. The current projects are allowed to end according to the plan. The exit is articulated in the strategic documents. The exit is intensively communicated with the beneficiary. A mutual agreement of program exit is reached.
- 3.) the follow-up: after the exit, follow up activities are supported via various instruments. The combination of instruments and the added value of the Czech Republic is put on

the forefront of the continuing relationship. The tools are complementary to economic diplomacy or focus on the specific transformational know-how of the Czech Republic.

The exit is not an impulsive process. In the case of Serbia, it lasted for 8 years since 2010. As mentioned in various recommendations in the chapter 2.1 Concept of Exit, a timeline for exit must be established. Looking at the exit process of Czech Republic, the timeline of a logical process of exit is visible. However, a systematic exit strategy would prevent the government from some pitfalls, that occurred during the process. A set out timeline of the exit process at the very beginning would guarantee, that the budgeting would show a smooth decreasing line throughout the period. This is not the case, as the budgeting for bilateral projects in Serbia showed no trend until 2016. A set out timeline at the initiation of exit would also prepare the beneficiaries for the specific time of exit. While they were aware at the very beginning, that the cooperation will end one day, it was only after 2015, when the officers of the CzDA and the embassy started to include the topic of exit in their working sessions. It was also only after 2015, when the date of exit (2017) was set up.

The Czech Republic handled the communication of exit well considering the limited capacities and the lack of an exit strategy. All important stakeholders were aware, that exit is approaching. As mentioned above, a set timeline and early announcement would provide the stakeholders with a more concrete idea of when the exit will happen. However, not all stakeholders were clearly aware of why the exit will occur. There are no mentions of the reasons in the strategic documents of the government until 2015. Only in the mid-term review, first indicators of reasons are presented. In the case of Serbia, these indicators are logical due to the long-term process of Serbia towards the EU. In the case of Mongolia, the reasons provided by the MFA are of specific nature, logical only to the internal development community. A more transparent presentation of the reasons of exit would increase the accountability of the government. It would provide to the public reasons for specific policy decisions. It would also help Czech stakeholders such as the NGO and private sector to participate in the discussions and propose improvements. For the readers, the current documents do not explain, why the Czech Republic exited bilateral programs worth hundreds of million CZK in the past 10 years.

This leads us to the last and most important part of the conclusion: According to what data did the MFA consider the exit processes as successful? Macías and Rogers (2004) state,

that evaluations might be helpful to examine, whether the intervention was successful. They find that post-exit evaluations, that would monitor the results and sustainability after some time the intervention ended, are very rare. As we found out, the MFA who is in charge of evaluations, do not see the need for ex-post evaluation of country programs after their exit. Therefore, the notion of successful exit is derived from the process itself. The Czech stakeholders did not register any negative backlash from their partners. They did consider the process of exit as long-term, providing enough space to adjust specific activities to the desired outcome of exit. Therefore, negative impact could be prevented. Furthermore, the follow-up instruments, such as the Temporary Expert Assignment, the Transformational Cooperation or the B2B Program provide for a continuous relationship with the exited partner and guarantee, that the Czech Republic does not abruptly disappear. Due to these indicators, the exit process was considered as successful and replicable to future exit processes. However, this is not supported by any hard data such as questionnaires, focus groups or roundtable discussions with all stakeholders on the topic of success. The lack of program evaluations provides a non-transparent interpretation of the impact of exit. Furthermore, it might jeopardise the long-term interventions and their results. Establishing a budget for evaluations at the beginning of the exit process would provide the government with analysis and data to adjust its exit strategy for future exits. Considering the available information, the interviews and data, I proclaim, that the hypothesis of “*The Czech development cooperation had no clear exit strategy from partner countries, but they managed their exit procedure successfully*” is proved as partially viable: we see that there was an exit process, only not embedded in a comprehensive exit strategy. Furthermore, the success was not measured and is only derived from the fact, that no challenges occurred and the partners were cooperative during and after the exit. Follow-up programs secured a continuing relationship between the Czech Republic and Serbia. This positively influenced the perception of exit. Due to the economic interests of Serbia, the follow-up programs satisfied their needs. The flexibility of the Czech development cooperation and the MFA allowed for ad-hoc measures to assure positive partnership after the exit.

However, major questions arise: Did the exit from countries such as Serbia proceed successfully due to the good institutional setting of the government and thanks to the exit strategy? Or is the case of Serbia only proving, that when the partner country is willing to exit and has alternative sources of funding available, the process of exit does not pose any challenges? For this assessment a rigorous evaluation of the program would be needed. If we look at the example of Mongolia, we see a country that initiated the exit by itself, due to new

policy priorities. For this case, the exit process was as well not posing any major challenges. The cases of Angola and Vietnam, did not attract any attention due to their small scope of programs and therefore were not considered as problematic. Does that indicate that future exits will be successful as well? Of course, specific conditions of the partner country and conditions of cooperation must be taken into account. However, the current amount of cases of exit would provide enough data for a first comprehensive exit strategy. This would help the ministry and the CzDA to coordinate its activities in a timely and systematic manner. It would provide guidelines for its employees responsible for the specific country or projects but most importantly it would make the process of exit more transparent to the beneficiaries and other partners involved. The Czech Republic would than increase its accountability towards its partners and other donors.

## **SUMMARY**

This thesis addressed a current issue of donor exit from partner countries. The issue of exit gained prominence only in the past decade due to the new strategies of the development cooperation, coined by OECD. It aims at reducing the number of partner countries and focus the flow of finances to specific value added interventions. For this reason, many donors decided to exit many partner countries, facing new challenges of management of exit to avoid jeopardising the positive impact of their interventions. This thesis focused on a case study of the process of exit by the Czech Republic from Serbia. Serbia serves as a good example to analyse the methods, challenges and successes of the exit process by the Czech Republic. After a short introduction of the Czech development cooperation system, its tools and transformation process, the thesis focuses on the specific cases of exit from countries such as Serbia, Mongolia or Vietnam to show common traits in the exit process. In the last chapters the thesis deals with the case study of exit from Serbia, describing firstly the historical context of the development cooperation and analysing than via data and interviews the reasons, methods and strategies of this specific exit. In conclusion this thesis finds, that while the Czech Republic managed its exit without major obstacles, there is a clear need for a comprehensive exit strategy which would provide for a timeline, communication tools and impact measurement of the exit process.

## LIST OF REFERENCES

### Interviews:

Interview 1.: Deputy Director of Department of Development Cooperation, Ministry of Foreign Affairs, Czech Republic. March 22, 2019. 45:36 min.

Interview 2.: Former Officer for Balkan Countries, Czech Development Agency. April 9, 2019. 30:56 min.

Interview 3.: Head of Department of Cooperation with Partners, Czech Development Agency, April 12, 2019. 20:43 min.

Interview 4.: Regional Manager for Balkan region and Mongolia, Charitas CZ, April 4 2019. 20:14 min.

### Primary sources:

BUSINESSINFO, 2018. *Srbsko: zahraniční obchod a investice* [online] 21.8.2018. [cit.10.4.2019] Available at <https://www.businessinfo.cz/cs/clanky/srbsko-zahranicni-obchod-a-investice-18538.html>

CzDA, Czech Republic 2016. *Metodika pro vysílání expertů*. Available also at <http://www.czechaid.cz/wp-content/uploads/2016/06/Metodika-vys%C3%ADl%C3%A1n%C3%AD-expert%C5%AF.pdf>

CzDA, Czech Republic 2016. *Zpráva o činnosti a hospodaření České rozvojové agentury 2016*. Available also at [http://www.czechaid.cz/wp-content/uploads/2016/09/%C4%8CRA-V%C3%BDro%C4%8Dn%C3%AD-zpr%C3%A1va-2016\\_web.pdf](http://www.czechaid.cz/wp-content/uploads/2016/09/%C4%8CRA-V%C3%BDro%C4%8Dn%C3%AD-zpr%C3%A1va-2016_web.pdf)

CzDA, Czech Republic 2017. *Zpráva o činnosti a hospodaření české rozvojové agentury: Výroční zpráva 2017*. Available also at <http://www.czechaid.cz/wp-content/uploads/2016/09/Vyrocnizprava-CRA-2017.pdf>

CzDA, Czech Republic 2018. *Zpráva o činnosti a hospodaření české rozvojové agentury: Výroční zpráva 2018*. Available also at <http://www.czechaid.cz/wp-content/uploads/2016/09/V%C3%BDro%C4%8Dn%C3%AD-zpr%C3%A1va-%C4%8CRA-2018.pdf>

CzDA, Czech Republic 2018b. *Metodika Programu B2B*. November 2018. Available also at <http://www.czechaid.cz/wp-content/uploads/2016/06/Metodika-Programu-B2B-2019.pdf>

CzDA, Czech Republic 2019. *Výsledky dotační výzvy Programu B2B 2019*. Available also at <http://www.czechaid.cz/wp-content/uploads/2016/06/Velk%C3%A1-v%C3%BDzva-podpo%C5%99en%C3%A9-projekty-web-1.pdf>

GOVERNMENT, Czech Republic 2004. *USNESENÍ VLÁDY ČESKÉ REPUBLIKY ze dne 31. března 2004 č. 302 k Institucionálnímu zajištění a Zásadám zahraniční rozvojové spolupráce po vstupu ČR do EU.*

GOVERNMENT, Czech Republic 2007. *USNESENÍ VLÁDY ČESKÉ REPUBLIKY ze dne: 19. září 007 č. 1070 k transformaci systému zahraniční rozvojové spolupráce České republiky.*

GOVERNMENT, Czech Republic 2010. *ACT no. 151/2010 of 21 April 2010 on Development Cooperation and Humanitarian Aid, and Amending Related Laws.*

GOVERNMENT, Czech Republic 2017. *USNESENÍ VLÁDY ČESKÉ REPUBLIKY ze dne 21. srpna 2017 č. 591 o Strategii zahraniční rozvojové spolupráce České republiky 2018 – 2030.*

MFA, Czech Republic 2014. *Střednědobé vyhodnocení koncepce zahraniční rozvojové spolupráce České Republiky na období 2010-2017.* Available also at [https://www.mzv.cz/file/1220785/\\_01\\_StrednedobeVyhodnoceniKoncepce.pdf](https://www.mzv.cz/file/1220785/_01_StrednedobeVyhodnoceniKoncepce.pdf)

MFA, Czech Republic 2010. *Koncepce zahraniční rozvojové spolupráce České republiky na léta 2010 - 2017.* Available also at [https://www.mzv.cz/jnp/cz/zahranicni\\_vztahy/rozvojova\\_spoluprace/koncepce\\_publicace/koncepce/koncepce\\_zrs\\_cr\\_2010\\_2017.html](https://www.mzv.cz/jnp/cz/zahranicni_vztahy/rozvojova_spoluprace/koncepce_publicace/koncepce/koncepce_zrs_cr_2010_2017.html)

MFA, Czech Republic 2010b. *Podpis Dohody mezi vládou ČR a vládou Srbské republiky o rozvojové spolupráci* [online] 31.7.2013. [cit. 10.4.2019] Available at [https://www.mzv.cz/jnp/cz/zahranicni\\_vztahy/rozvojova\\_spoluprace/dvoustranna\\_zrs\\_cr/prioritni\\_zeme\\_2010\\_2017/srbsko/podpis\\_dohody\\_mezi\\_vladou\\_cr\\_a\\_vladou.html](https://www.mzv.cz/jnp/cz/zahranicni_vztahy/rozvojova_spoluprace/dvoustranna_zrs_cr/prioritni_zeme_2010_2017/srbsko/podpis_dohody_mezi_vladou_cr_a_vladou.html)

MFA, Czech Republic 2011. *Metodika projektového cyklu.* Available also at [https://www.mzv.cz/jnp/cz/zahranicni\\_vztahy/rozvojova\\_spoluprace/koncepce\\_publicace/koncepce/metodika\\_projektoveho\\_cyklu.html](https://www.mzv.cz/jnp/cz/zahranicni_vztahy/rozvojova_spoluprace/koncepce_publicace/koncepce/metodika_projektoveho_cyklu.html)

MFA, Czech Republic 2011b. MZV 2011b. *Informace o projektech realizovaných 2010.* Available also at [https://www.mzv.cz/jnp/cz/zahranicni\\_vztahy/lidska\\_prava/prioritni\\_zeme\\_a\\_projekty\\_transformacni/souhrnne\\_informace\\_o\\_aktivitach\\_programu/rok\\_2010.html](https://www.mzv.cz/jnp/cz/zahranicni_vztahy/lidska_prava/prioritni_zeme_a_projekty_transformacni/souhrnne_informace_o_aktivitach_programu/rok_2010.html)

MFA, Czech Republic 2013. *ČR se stala členem Výboru pro rozvojovou spolupráci OECD* [online], 16.10.2014. [cit.10.4.2019] Available at [https://www.mzv.cz/oecd.paris/cz/zpravy\\_udalosti\\_aktuality/cr\\_se\\_stane\\_clenem\\_vyboru\\_pro\\_rozvojovou.html](https://www.mzv.cz/oecd.paris/cz/zpravy_udalosti_aktuality/cr_se_stane_clenem_vyboru_pro_rozvojovou.html)

MFA Czech Republic 2015. *Human rights and transition promotion policy concept of the Czech Republic.* Available also at

[https://www.mzv.cz/public/98/7c/e8/2239165\\_1648851\\_Human\\_rights\\_and\\_transition\\_promotion\\_policy\\_concept\\_of\\_the\\_Czech\\_Republic\\_.pdf](https://www.mzv.cz/public/98/7c/e8/2239165_1648851_Human_rights_and_transition_promotion_policy_concept_of_the_Czech_Republic_.pdf)

MFA Czech Republic 2018a. *Malé lokální projekty v roce 2018*. Available also at [https://www.mzv.cz/jnp/cz/zahranicni\\_vztahy/rozvojova\\_spoluprace/dvoustranna\\_zrs\\_cr/sektory\\_projekty/male\\_lokalni\\_projekty/male\\_lokalni\\_projekty\\_v\\_roce\\_2017.html](https://www.mzv.cz/jnp/cz/zahranicni_vztahy/rozvojova_spoluprace/dvoustranna_zrs_cr/sektory_projekty/male_lokalni_projekty/male_lokalni_projekty_v_roce_2017.html)

MFA Czech Republic 2018b. *Strategie zahraniční rozvojové spolupráce 2018-2030*. Available also at [https://www.mzv.cz/file/2583329/strategie\\_mzv\\_2017\\_A4\\_09.pdf](https://www.mzv.cz/file/2583329/strategie_mzv_2017_A4_09.pdf)

MFA Czech Republic 2018c. *Dvoustranná rozvojová spolupráce* [online]. [cit.10.4.2019] Available at [https://www.mzv.cz/jnp/cz/zahranicni\\_vztahy/rozvojova\\_spoluprace/dvoustranna\\_zrs\\_cr/index.html](https://www.mzv.cz/jnp/cz/zahranicni_vztahy/rozvojova_spoluprace/dvoustranna_zrs_cr/index.html)

EU, 2007. Code of Conduct on Complementarity and the Division of Labour in Development Policy [online], 28 february 2007. [cit. 10.4.2019] Available at <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=LEGISSUM:r13003&from=EN>

OECD, 2003. *Peer Review: An OECD Tool for Cooperation and Change* [online]. [cit.10.4.2019] Available at [https://read.oecd-ilibrary.org/economics/peer-review\\_9789264099210-en-fr#page9](https://read.oecd-ilibrary.org/economics/peer-review_9789264099210-en-fr#page9)

OECD, 2006. *Special review of the Czech Republic*. Available also at <http://www.oecd.org/dac/peer-reviews/45367897.pdf>

OECD, 2016. *OECD Development Co-operation Peer Reviews: Czech Republic 2016* [online]. [cit.10.4.2019] Available at [https://read.oecd-ilibrary.org/development/oecd-development-co-operation-peer-reviews-czech-republic-2016\\_9789264264939-en#page40](https://read.oecd-ilibrary.org/development/oecd-development-co-operation-peer-reviews-czech-republic-2016_9789264264939-en#page40)

OECD, 2019. *The Developments Assistance Committees Mandate* [online]. [cit. 20.4.2019]. Available at: <http://www.oecd.org/dac/thedevelopmentassistancecommitteesmandate.htm>

UN, 1974. *Declaration on the Establishment of a New International Economic Order*, 1st May 1974. Available also online <http://www.un-documents.net/s6r3201.htm>

WORLD BANK, 2016. *Poverty Map of Serbia* [online]. [cit. 10.4.2019] Available at <http://pubdocs.worldbank.org/en/859541477472336209/Poverty-Map-of-Serbia.pdf>

WORLD FOOD PROGRAMME, 2003. EXIT STRATEGIES FOR SCHOOL FEEDING: WFP'S EXPERIENCE. *Executive Board First Regular Session Rome* [online], 5–7 February 2003. [cit.10.3.2019] Available at <https://www.wfp.org/sites/default/files/%20Exit%20Strategies%20for%20School%20Feeding%20WFP%27s%20Experience%20-%20.pdf>

## Secondary sources:

ARJOMAND, Saod Amir, 2004. Social Theory and the Changing World: Mass Democracy, Development, Modernization and Globalization. *International Sociology*. Vol. 19(3), 2004.

BALDWIN, David A. 1969. Foreign Aid, Intervention, and Influence. *World Politics* Vol. 21, No. 3, April 1969.

DARKE, P. , Shanks, G. and Broadbent, M., 1998. Successfully completing case study research: combining rigour, relevance and pragmatism. *Information Systems Journal*, Vol. 8.

DAVIS, Nick and Sankar, Meenakshi, 2006. A Practice Review of UNESCO's Exit and Transition Strategies. *UNESCO*, October 2006. [cit 17.2.2019] Available at [https://unesdoc.unesco.org/ark:/48223/pf0000149459\\_7](https://unesdoc.unesco.org/ark:/48223/pf0000149459_7)

ERIKSSON, Maria Baaz, 2005. *The Paternalism of Partnership: A Postcolonial Reading of Identity in Development Aid*. London: ZED BOOKS, 224 p.

FAINT, Tony, 2004. Review of DFID/ODA's Programmes in Accession Countries. DFID evaluation report EV650 [online], July 2004. [cit. 10.4.2019] Available at <http://www.oecd.org/derec/unitedkingdom/36499718.pdf>

FoRS, 2008. Studie o zahraniční rozvojové spolupráci České republiky za rok 2007 [online], 2018, [cit. 21.3.2019] Available at [http://fors.cz/user\\_files/fors\\_studie\\_o\\_zrs2007\\_final.pdf](http://fors.cz/user_files/fors_studie_o_zrs2007_final.pdf)

FoRS, 2011. Zahraniční rozvojová spolupráce v roce 2010 [online], August 2011. [cit. 21.3.2019] Available at [http://fors.cz/user\\_files/dokumenty/aid2011\\_web+print.pdf](http://fors.cz/user_files/dokumenty/aid2011_web+print.pdf)

FoRS, 2011b. Czech Republic and its Official Development Assistance [online], April 2011. [cit. 21.3.2019] Available at [http://www.fors.cz/user\\_files/fors\\_bf.pdf](http://www.fors.cz/user_files/fors_bf.pdf)

FRANK, Andre Gunder, 1966. The Development of Underdevelopment. *Monthly Review [online]* Vol. 18, No. 4 [cit. 20.4.2019]. Available at [https://www.academia.edu/30316048/The\\_development\\_of\\_underdevelopment\\_-\\_From\\_Volume\\_18\\_1966\\_Monthly\\_Review\\_reprint](https://www.academia.edu/30316048/The_development_of_underdevelopment_-_From_Volume_18_1966_Monthly_Review_reprint)

FRANKENHOFF, Charles A. 1962. The Prebisch Thesis: A Theory of Industrialism for Latin America. *Journal of Inter-American Studies*. Vol. 4, No. 2, April 1962.

FUKUDA-PARR, Sakiko, 2016. From the Millennium Development Goals to the Sustainable Development Goals: shifts in purpose, concept, and politics of global goal setting for development . *Gender and Development*. Vol. 24, Feb. 2016, pp. 43-55.

FUKUDA-PARR, Sakiko; Greenstein, Joshua; Stewart, 2013. How Should MDG Success and Failure be Judged: Faster Progress or Achieving the Targets? *World Development* Vol. 41, January 2013, pp. 19-30.

GARDNER, Alison, Kara Greenblot and Erika Joubert, 2005. What We Know About Exit Strategies Practical Guidance For Developing Exit Strategies in the Field. *C-SAFE Regional Learning Spaces Initiative* [online] September 2005. [cit.17.3.2019] Available at <https://reliefweb.int/sites/reliefweb.int/files/resources/A02C7B78FB2B408B852570AB006EC7BA-What%20We%20Know%20About%20Exit%20Strategies%20-%20Sept%202005.pdf>

GEBREMARIAM, Fesseha Mulu, 2017. New International Economic Order (NIEO): Origin, Elements and Criticisms. *International Journal of Multicultural and Multireligious Understanding* Vol. 4, No. 3, June 2017, pp. 22-28.

GINTY, Roger M. and Jenny H. Peterson, 2015 . *The Routledge Companion to Humanitarian Action*. (Routledge, 2015), 458 pages.

GORDON, Ruth, 2009. The Dawn Of A New, New International Economic Order? *Law And Contemporary Problems* [online]. Vol. 72, fall 2009, pp. 131-162. [cit. 10.3.2019] Available at <https://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=1548&context=lcp>

HELDGAAR, Jesper, 2008. Managing Aid Exit and Transformation: Summary of a Joint Donor Evaluation. *SIDA* [online]. [cit. 20.1.2019] Available at <https://www.oecd.org/derec/norway/42208151.pdf>

HOADLEY, Stephen J. The Rise and Fall of the Basic Needs Approach. *Cooperation and Conflict*. Vol. 16, Issue 3, September 1981, pp. 149–164.

KAWULICH, Barbara B., 2005. Participant Observation as a Data Collection Method. *Forum: Qualitative Social research* [online], vol. 6, no. 2. [cit. 5. 4. 2019]. Available at: <http://www.qualitative-research.net/index.php/fqs/article/view/466/996>

KAY, Christobal Andre' Gunder Frank: From the 'Development of Underdevelopment' to the 'World System'. *Development and Change* 36(6): 1177–1183 (2005). # Institute of Social Studies 2005. Published by Blackwell Publishing, 9600 Garsington Road, Oxford OX4 2DQ, UK and 350 Main St., Malden, MA 02148, USA

KAYAIZZI-MUGERWA, Seteve, 1998. Africa and the donor community: from conditionality to partnership. *Journal of International Development*. Vol. 10. Issue 2, March/April 1998, pp. 219-225.

KHARAS, Homi, 2007. Trends and Issues in Development Aid. *Wolfensohn Center for Development. Working paper no. 1*. [online], 26 pages, [cit. 3.3.2019]. Available at [https://www.brookings.edu/wp-content/uploads/2016/06/11\\_development\\_aid\\_kharas.pdf](https://www.brookings.edu/wp-content/uploads/2016/06/11_development_aid_kharas.pdf)

KOŘAN, Michal and Ondřej Ditrych, 2012. *Česká zahraniční politika v roce 2011: Analýza ÚMV*. Prague: Ústav mezinárodních vztahů, 2012. 379 pages.

LEE, Hyejin 2017. Exit Strategy for Aid Programs: Planning Exit Before Entering. *International Journal of Social Science Studies* Vol. 5, No. 7; July 2017, pp. 22-28.

LEVINGER, B. and McLeod, J. 2002. Hello, I Must Be Going: Ensuring Quality Services and Sustainable Benefits through Well-Designed Exit Strategies. *Education Development Center, Inc. Center for Organizational Learning and Development* 2002. 24pp.

MAJEROVA, Ingrid 2012. International Development Cooperation of the Czech Republic in the Context of European Development. *Prague Economic Papers* [online], Vol. 21. [cit. 19.3.2019] Available at 10.18267/j.pep.417.

MAXWELL, Simon and Roger Riddell, 1998. Conditionality or contract: perspectives on partnership for development. *Journal of International Development*. Vol. 10. Issue 2, March/April 1998, p. 257-268.

MIKULE 2005. Czechs and Serbs Rediscover their Old Partnership. *Radio Praha* [online], 17.1.2015. [cit.10.4.2019] Available at <https://www.radio.cz/en/section/curaffrs/czechs-and-serbs-rediscover-their-old-partnership>

MORGENTHAU, Hans, 1962. A Political Theory of Foreign Aid. *The American Political Science Review*, Vol. 56, No. 2, June 1962.

OSWALD, K. and Ruedin, L. 2012. Empowerment sustainability and phasing out support to empowerment processes: Paris: OECD.

PANKAJ, Ashok Kumar, 2005. Revisiting Foreign Aid Theories. *International Studies*, Vol. 42, Issue 2.

PAVLÍK, Petr 2016. From Recipient to Donor Country - Experience from Central Europe. *Development, Environment and Foresight* [online] Vol. 2, No. 1 (2016), pp. 35—47. [cit. 10.3.2019] Available online at <http://def-journal.eu/index.php/def/issue/view/4/5>

PUNTIGLIANO, Andre's Rivarola and Appelqvist Orjan, 2011. Prebisch and Myrdal: development economics in the core and on the periphery. *Journal of Global History*. Vol. 6, March 2011, pp. 29-52.

Report: When aid relationships change: DFID's approach to managing exit and transition in its development partnerships. *ICAI* [online], November 2016. [cit. 15.3.2019] Available at <https://icai.independent.gov.uk/html-report/transition/>

ROGERS Beatrice Lorge and Macías, Kathy E. 2004. Program Graduation and Exit Strategies: A Focus on Title II Food Aid Development Programs. *FANTA PROJECT* [online], November 2004. [cit. 17.2.2019] Available at <https://www.fantaproject.org/sites/default/files/resources/TN9-Exit-Strategies-Nov2004.pdf>

ROSE, Gideon, 1998. The Exit Strategy Delusion. *Foreign Affairs* [online], Jan./Feb. 1998. [cit. 3.3.2019] Available at <https://www.foreignaffairs.com/articles/somalia/1998-01-01/exit-strategy-delusion>

ROSTOW W. W. 1959. The Stages of Economic Growth. *The Economic History Review, New Series*, Vol. 12, No. 1 (1959), pp. 1-16.

SACHS, Jeffrey D. 2012. From Millenium Development Goals to Sustainable Development Goals. *The Lancet* [online], Vol. 378, Issue 9832, 2012, pp. 2206–11 [cit. 13.2.2019]. Available at [http://www.grips.ac.jp/forum/IzumiOhno/lectures/2015\\_Lecture\\_texts/S16\\_From-MDGs-to-SDGs-Lancet-June-2012.pdf](http://www.grips.ac.jp/forum/IzumiOhno/lectures/2015_Lecture_texts/S16_From-MDGs-to-SDGs-Lancet-June-2012.pdf)

SACHS, Jeffrey, 2005. *The end of poverty*. USA: The Penguin Press.

SCHENSUL, Stephen L., Jean J. Schensul and Margaret Diane Le Compte, 1999. *Essential Ethnographic Methods: Observations, Interviews, and Questionnaires*. Walnut Creek: Altamira Press.

SNOOKS, Graeme Donals, 1999. *Global Transition: A General Theory of Economic Development*. London: Macmilan press ltd. 1999, 395 pages.

STOKKE, Olav 2013. *Aid and Political Conditionality*. Routledge, April 3, 2013. 216 pages.

STREETEN, Paul P. 1979. Basic Needs: Premises and Promises. *World Bank Reprint Series: Number Sixty-two* [online]. Reprinted from *Journal of Policy Modeling* 1, 1979. [cit. 10.4.2019], available at <http://documents.worldbank.org/curated/en/912301468190752919/pdf/REP62000Basic00remises0and0promises.pdf>

TARP, Finn 2000. *Foreign Aid and Development: Lessons Learnt and Directions For The Future*. Routledge, August 17, 2000. 528 pages.

THÉRIEN, Jean-Philippe 2002. Debating foreign aid: Right versus left. *Third World Quaterly*, Vol. 23, Issue 3, 2002, pp. 449-466.

TIPPS, Dean C. 1973. Modernization Theory and the Comparative Study of Societies: A Critical Perspective. *Comparative Studies in Society and History*. Vol. 15, No. 2., March 1973.

WERKER, Eric, 2012. The Political Economy of Bilateral Foreign Aid. Working Paper, *Harvard Business School [online]* September 5, 2012. [Cit. 10.4.2019]. Available online at [https://www.hbs.edu/faculty/Publication%20Files/13-026\\_8eed3dbc-ee5c-4c14-b26e-b6a844a20e44.pdf](https://www.hbs.edu/faculty/Publication%20Files/13-026_8eed3dbc-ee5c-4c14-b26e-b6a844a20e44.pdf)

YIN, Robert, K., 2003. *Case Study Research: Design and methods, 3rd edition*. Thousand Oaks: Sage Publications.

## **LIST OF APPENDICES**

**Appendix no. 1:** Form of informed consent signed by all interviewees.

**Appendix no. 2:** Questions for interview with Deputy Director of Department of Development Cooperation, Ministry of Foreign Affairs, Czech Republic (Interview 1).

**Appendix no. 3:** Questions for interview with former Referent for Balkan Countries, Czech Development Agency (Interview 2).

**Appendix no. 4:** Questions for interview with Head of Department of Cooperation with Partners, Czech Development Agency (Interview 3).

**Appendix no. 5:** Questions for interview with Regional Manager for Balkan region and Mongolia, Caritas CZ (Interview 4).

**Appendix no. 6:** Transformational Cooperation projects 2010 – 2016.

## **INFORMOVANÝ SOUHLAS S VYUŽITÍM VÝZKUMNÉHO ROZHOVORU**

zaznamenaného pro účely výzkumného projektu diplomové práce

### **Development aid and the need for exit strategies: Case of the Czech Republic and Serbia**

Výzkum probíhá pro účely zpracování diplomové práce vedené na Fakultě sociálních věd Univerzity Karlovy v Praze. Diplomová práce je psána na oboru bezpečnostní studia Bc. Ludmilou Leškovskou.

#### **Prohlášení a souhlas účastníků s jejich zapojením do výzkumu:**

Prohlašuji a svým níže uvedeným vlastnoručním podpisem potvrzuji, že dobrovolně souhlasím s účastí ve výše uvedeném projektu a že jsem měl/a možnost si řádně a v dostatečném čase zvážit všechny relevantní informace o výzkumu, zeptat se na vše podstatné týkající se účasti ve výzkumu a že jsem dostal/a jasné a srozumitelné odpovědi na své dotazy. Byl/a jsem poučen/a o právu odmítnout účast ve výzkumném projektu nebo svůj souhlas kdykoli odvolat.

Jméno účastníka:

Instituce:

V .....

Dne .....

Podpis:

Interview 1

**Otázky pro vyhodnocení potřeby strategie odchodu v partnerských zemích české ZRS**

1. V rámci ZRS jsou stanoveny prioritní země, se kterými Česká republika spolupracuje. Ty jsou nadále rozděleny mezi Programové a Projektové země. Na základě čeho bylo určeno, která země bude programová a která bude projektová? Jak se tento rozdíl projevuje v praxi při implementaci rozvojové spolupráce?
2. V roce 2018 vstoupila v platnost nová strategie. Můžete nastínit proces rozhodování při vytváření nové strategie?
3. V nové strategii je bilaterální spolupráce s Mongolskem ukončena, stejně tak byly ukončeny bilaterální projekty například v Srbsku. Které skutečnosti vedly ČR k rozhodnutí ukončení spolupráce například právě s Mongolskem či Srbskem?
4. V dokumentech se můžeme dočíst kritéria výběru prioritních zemí:
  - potřebnost rozvojové spolupráce (= partnerská země patří mezi rozvojové země dle mezinárodní klasifikace OECD),
  - zájem o spolupráci s ČR, dosavadní úroveň celkových vzájemných vztahů,
  - výsledky dosavadní rozvojové spolupráce a přidaná hodnota ČR,
  - dělba práce s ostatními donory.Nikde se však nemůžeme dočíst, proč právě Srbsko a Mongolsko byly vyhodnoceny, že tyto kritéria nesplňují. Jak jsou tedy země posuzovány na základě těchto kritérií? Existuje stanovisko ke změnám?
5. Naopak Zambie byla ve strategii 2010-2017 zařazena mezi země, kde „ČR jako zodpovědný donor musí podniknout potřebné kroky k zajištění udržitelnosti probíhajících i končících projektů... a důvěryhodným způsobem završit své rozvojové působení v partnerské zemi.“ Podle dokumentu Strategie ZRS 2010 – 2017 by čtenář mohl chápat, že v Zambii měla být práce pomalu ukončována. Ve strategii 2018-2030 najdeme ale Zambii mezi prioritními zeměmi české ZRS. Čím to je?
6. Jakou roli při rozhodování o strategii či ukončení spolupráce zaujímá ORS a jednotliví partneři? (ČRA, jiné resorty, příjemci, NNO, firmy, platformy)
7. Má česká ZRS zpracovanou strategii pro ukončování spolupráce s prioritními zeměmi? V dokumentech strategie najdeme pouze zmínky o tom, že se v těchto zemích budou projekty dokončovat a pokračovat komerčními aktivitami.

8. Jak je ukončování spolupráce komunikováno? Kdo je zodpovědný za komunikaci ukončování spolupráce?
9. Má ČR k dispozici data o dopadu odchodu ze zemí, s nimiž byla spolupráce ukončena? Jak měří ČR dopad odchodu?
10. V mnohých dokumentech najdeme zmínku o spolupráci s jinými donory. Je brán ohled na aktivity jiných donorů při ukončování spolupráce? Jakým způsobem?
11. Jaké nástroje má česká ZRS k dispozici v zemích, s nimiž byla bilaterální spolupráce ukončena? Je kladen zvláštní důraz na zapojení těchto nástrojů v zemích s ukončenou spoluprací?
12. Zadává ČR evaluace pro vyhodnocení svých aktivit v zemích, kde probíhala bilaterální spolupráce?
13. Na stránkách MZV vidíme seznam všech evaluací, ale například v Srbsku proběhla poslední evaluace v roce 2015, zatímco v Mongolsku proběhla poslední evaluace v roce 2012. Neměla by řádná evaluace předcházet ukončení spolupráce? Pokud ne, na základě jakých podkladů ČR vyhodnotila své aktivity v daných zemích?
14. Máte pocit, že souhrnná strategie odchodu je pro ČR potřebná? (Pokud ano, k čemu si myslíte, že by sloužila a jaký benefit by ze souhrnné strategie získala ČR, partneři a příjemci spolupráce? Pokud ne, jak přispívá MZV k procesu řádného ukončení spolupráce? Jaké jsou úkoly jiných partnerů při ukončování spolupráce?
15. Získalo MZV zpětnou vazbu od partnerských zemí, se kterými byla spolupráce ukončena? Komunikovalo MZV například se Srbskem a Mongolskem v roce 2018 a 2019 o dopadech ukončení spolupráce? (Popřípadě, kdo jiný je zodpovědný za řádnou komunikaci návazných aktivit a dopadů?)

**Interview 2**

**Otázky pro vyhodnocení potřeby strategie odchodu v partnerských zemích české ZRS**

1. Jak probíhala česká bilaterální spolupráce se Srbskem v období 2010 – 2017?
2. Na základě čeho byly vybírány projekty realizované v Srbsku?
3. Jak byla identifikace projektů komunikována s příjemci spolupráce?
4. Jakou roli sehráli partneři a příjemci při implementaci projektu?
5. Měli realizátoři projektů stanovené závazky k udržitelnosti projektů? Jak se na udržitelnosti projektů podíleli jednotliví aktéři?
6. Kdy se začalo uvažovat o ukončení spolupráce se Srbskem?
7. Jaké byly důvody ukončení spolupráce? Na základě jakého vyhodnocení došlo k rozhodnutí ukončení spolupráce?
8. Jak bylo ukončení spolupráce komunikováno s příjemci projektu?
9. V jakém stavu byly projekty, když v roce 2018 vstoupila v platnost nová strategie? Byly ukončeny a byla jejich udržitelnost zajištěna?
10. Jak bylo ukončení komunikováno s ostatními donory v rámci zajištění spolupráce s donory?
11. Jak se česká ZRS chová k Srbsku v rámci nové strategie 2018 – 2030?
12. Má česká ZRS k dispozici systém pro udržení komunikace a aktivit se zeměmi s ukončenou spoluprací?
13. Jaké aktivity česká zrs rozvíjí v zemích s ukončenou spoluprací jakou je Srbsko?
14. Pochopili všichni příjemci a místní partneři, že spolupráce je ukončena?
15. Byly příjemci a partneři na ukončení dostatečně připraveni?

### Interview 3

#### Otázky pro vyhodnocení potřeby strategie odchodu v partnerských zemích české ZRS

1. Jak probíhal proces v rámci ČR při rozhodování o ukončení spolupráce jednotlivých zemích? Jak dlouho se rozhodnutí připravovala?
2. Na základě jakých skutečností, se ČR rozhodla pro odchod z Angoly, Jemenu, Vietnamu a Zambie v Konceptci 2010- 2017?
3. Proběhly evaluace spolupráce na tyto země? Pokud ne, na základě jakých údajů rozhodla ČR, že spolupráce byla dostatečná a je čas odejít?
4. Co podniká ČR v zemích, které již nejsou partnerskými zeměmi? Má k dispozici jiné nástroje, které prioritně aplikuje na tyto země?
5. V případě Vietnamu zmiňuje koncepce, že se tam bude pokračovat i nadále specifickými projekty, nebo například PPPs – uskutečnily se nějaké další nové projekty v posledních letech ve Vietnamu?
6. Jak byl odchod z těchto zemí komunikován s místními příjemci?
7. Jaké ohlasy měl odchod z těchto zemí v rámci NGOs nebo firem?
8. Pochopili všichni příjemci a místní partneři, že spolupráce je ukončena?
9. Je podle Vás potřeba aby česká ZRS měla strategii odchodu?

#### **Interview 4**

##### **Otázky pro vyhodnocení potřeby strategie odchodu v partnerských zemích české ZRS**

1. V roce 2018 vstoupila v platnost nová strategie ZRS. Byla Vaše instituce zapojena do procesu vytváření nové strategie? Pokud ano, jakým způsobem jste se podíleli?
2. V nové strategii je bilaterální spolupráce s Mongolskem ukončena, stejně tak byly ukončeny bilaterální projekty například v Srbsku. Víte, z jakých důvodů byla spolupráce s původně prioritními zeměmi ukončena?
3. Jak ovlivnilo ukončení spolupráce v rámci ZRS ČR v Srbsku a Mongolsku práci Vaší organizace? (finance, práce v místě, vztahy s místními partnery, dopad na příjemce)
4. Jak bylo ukončení spolupráce s Vámi komunikováno? (kdy, kdo, způsob)
5. Jak bylo podle Vás ukončení spolupráce komunikováno s místními partnery a příjemci?
6. V případě budoucího ukončování partnerství, jaké kroky by byly podle Vás potřeba podniknout? Pokud by ukončování probíhalo stejným způsobem, byla by Vaše organizace spokojena?
7. Je podle Vás potřeba aby česká ZRS měla strategii odchodu?

Appendix no. 6 Transformational Cooperation projects 2010 - 2016

<i>Year</i>	<i>Project</i>	<i>Annual budget spent (CZK)</i>	<i>Annual budget of program</i>
2010	<i>1 project: Podpora strategického plánování a finanční udržitelnosti srbských neziskových organizací (Nadace Via)</i>	1 750 000	42 904 784,73
2011	<i>3 projects: Reporting the Environment in Serbia (Transition); Europe in my view (partners Czech) ; Podpora strategického plánování a finanční udržitelnosti srbských neziskových organizací (nadace Via)</i>	300 488 699 999 1 587 855	53 390 000 (including stipends, exact amount for transformation projects is not available)
2012	<i>1 project: (Europe in my view) (Partners Czech)</i>	800 000	49 749 026
2013	<i>1 project: Project Defending Human Rights through Strategic Litigation (Counselling Centre for Citizenship, Civil and Human Rights)</i>	884 661	49 331 709
2014	<i>1 project: Justice against corruption (transparency International CZ)</i>	857 000	57 131 578
2015	<i>1 project: Together against corruption (transparency International CZ)</i>	995 900	56 554 563,44
2016	<i>1 project: Supporting Serbian local authorities to combat domestic violence (Charitas CZ)</i>	1 149 728	59 562 501,49
<b>TOTAL AMOUNT</b>		<b>7 875 903 (2,9%)</b>	<b>265 485 136,66</b>

Table created according to data available at

[https://www.mzv.cz/jnp/cz/zahranicni\\_vztahy/lidska\\_prava/transformacni\\_spoluprace\\_1/index.html](https://www.mzv.cz/jnp/cz/zahranicni_vztahy/lidska_prava/transformacni_spoluprace_1/index.html)

## **Project of Diploma Thesis**

### **1. The goals of the thesis and thematic definition**

Foreign aid constituted an important component of the global development dialogue and international economic order in the post-Second World War period. It made a significant contribution to the development experiences of the Third World countries and formed the core of North South relations largely till 1980. The development cooperation of the Czech Republic has been a part of the Czech foreign policy since a century. The characteristic of the cooperation changed throughout the time, much depending on the political situation in the country. In 1996 the Czech Republic was admitted to the OECD, where providing international assistance to third countries was a needed precondition for membership. Since then, the country sought to create a comprehensive strategy for development cooperation. Nowadays the Czech Republic is a respected donor partner and implements the latest trends in development cooperation. However, in the past decade, the donors became aware, that continuous financial aid is not necessary sustainable. Therefore, many donors withdrew their aid from several countries. But what happens when aid ends? How do donors decide when and from where to withdraw? The question of aid withdrawal and exit strategies is therefore at the forefront of current practitioners' discussions. While there are numerous guidelines and methodical papers written by the traditional donors like United Kingdom, Sweden, and Germany, we still cannot see a systematic approach among the donors. Furthermore, when looking at the development cooperation strategy of the Czech Republic, we cannot find any comprehensive approach on this phenomenon. Is the Czech Republic exiting its aid without any strategy? What are the consequences? Is a strategy of exit necessary to successfully end development cooperation?

The aim of this thesis is to analyze the decision process of exiting development aid on the case of Czech Republic exit from Serbia. In the current debate of development aid, it is necessary to understand, if a comprehensive exit strategy contributes to a better understanding of the donor countries decision processes and especially, if such decisions take into account the consequences for the partner country. Furthermore, the aim of this thesis is to understand, if there are already existing approaches of successful exit strategies, that could be implemented in the Czech decision making process. In the end, the thesis

should prove or disprove the hypothesis established on the current knowledge of Czech development cooperation strategy:

*The Czech development cooperation had no clear exit strategy from partner countries such as Serbia, but they managed their exit procedure successfully.*

If the hypothesis is proved, it will serve as an example of well managed decision procedures within the institutions of the Czech Republic. However, if the hypothesis is disproved, the thesis aims to offer possible solutions and lessons learned, which if implemented, would lead to a more successful exit strategy in the future.

### **Theoretical framework and methodology**

When looking solely at the development actors, we see many donors and practitioners analyzing different case studies aiming at creating general manuals for other donors and INGOs. These manuals have many traits in common and are based on comparable case studies, which provide positive and negative lessons to be learned and range from economic reports, working papers, performance assessments, sector reviews and evaluations. However, if we take a look at the academic and peer-reviewed research, we see rather sporadic amount of usable theories. This thesis will outline the existing practice of major donors and their conceptualization of exit and exit strategies. Furthermore, it will present the mostly cited piece by Levinger and McLeod's (2002) *Hello, I must be Going: Ensuring Quality Services and Sustainable Benefits through Well-Designed Exit Strategies*. He provided the first comprehensive methodology between various types of exit. Throughout the thesis, conclusions will be drawn upon his work when analyzing the case study of the exit strategy of the Czech Republic.

For a deep analysis of the decision making process of exiting I will use the methodology of semi structured and unstructured interviews. The interviews will be undertaken with various stakeholders and decision makers from the Ministry of Foreign Affairs, the Czech Development Agency, NGOs, beneficiaries and private companies. Furthermore, I will use the method of participative observation. As an employee of the Czech Development Agency I believe to use my insight for the benefit of this thesis. My field work in summer 2018 in Serbia and various discussions with the beneficiaries as well as government officials in Serbia should bring further data for a successful analysis. The whole thesis will be structured as a case study. For the analysis of the past and current strategy of the Czech Republic towards the development

cooperation, foreign aid and exit strategies, primary documents and archival records will be analyzed.

## **Structure of the thesis**

### **Introduction**

- 1. Aim and scope of the thesis**
- 2. Research context, research methodology and tools**
- 3. Theoretical foundation and historical background of foreign aid, development and exit strategies**
- 4. The Czech Republic ODA**
- 5. Concept of Exit**
- 6. Case study: Czech Republic exiting from Serbia**
  - a. Development aid to Serbia until today**
  - b. The process of exit from Serbia**
- 7. Conclusion and lessons learned**

### **References:**

#### **Primary sources**

1. Ministry of Foreign Affairs strategy papers, declarations, evaluations
2. Czech Development Agency's methodologies, strategy papers
3. OECD manuals, peer-reviews
4. Donors reports (SIDA, DANIDA, DFID, NORAD)

#### **Books**

Easterly, W. *The White Man's Burden: Why The West's Efforts To Aid The Rest Have Done So Much Ill And So Little Good*, (New York: The Penguin Press, 2006), 436 pages.

Lynn, Stuart R. *Economic development: theory and practice for a divided world*, (New Jersey: Prentice Hall, 2003), 550 pages.

Myrdal, G. *Economic Theory and Under-developed Regions*, (London: Gerald Duckworth & Co, Ltd. 1964), 168 pages.

Stake, R.E. *The Art of Case Study Research*, (Thousand Oaks, California: SAGE Publications, 1995), 192 pages.

Stokke, and Hoebink Paul. *Perspectives on European Development Cooperation: Policy and Performance of Individual Donor Countries and the EU* (Routledge, 2012), 656 pages.

Tandon, Yash. *Ending Aid Dependence*. (Fahamu/Pambazuka, 2008), 144 pages.

### **Papers**

Campbell, Bruce Morgan, Sayer, Jeffrey. *Integrated Natural Resource Management: Linking Productivity, the Environment and Development* (CABI, 2003), 315 pages.

Hirschman, A.O. (1993) 'Exit, Voice, and the Fate of the German-Democratic-Republic', *World Politics*, vol. 45, no. 2 (January), pp. 173-202.

Levinger, B. and McLeod, J. Hello, I Must Be Going: Ensuring Quality Services and Sustainable Benefits through Well-Designed Exit Strategies, *Newton, MA: Education Development Center, Inc.* (2002).

McPherson, Malcom F. and Gray Clive S. An 'Aid Exit' Strategy for African Countries: A Debate. *African Economic Policy Discussion Paper Number 49* (July 2000).

Rogers, B. and Macias, K. Program graduation and exit strategies: a focus on Title II food aid development programs, *FANTA Technical Note No. 9*, Food and Nutrition Technical Assistance Project (2004).

Werker, Erik. The Political Economy of Bilateral Foreign Aid. Working Paper, Harvard Business School (September 5, 2012).