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**The Czech Republic as an Emerging Donor  
Country and the Policy Change towards  
Aid Effectiveness**

*Diplomová práce*

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## **Abstract**

In an analysis of the development of the Czech foreign aid policy, I use the advocacy coalition framework (ACF) to examine what policy change towards aid effectiveness has occurred from the mid-1990's to the present. Using this explanatory framework, I suggest that the changes towards aid effectiveness, which have occurred during this period, are minor rather than major ones. I argue that during this time the Czech foreign aid policy has been dominated by a belief system of the majority coalition that represents a realistic approach to foreign aid policy based on self-interested interests such as mutual interests, commercial motives or political and strategic interests. By the application of the ACF, I attempt to explain the policy process and the reasons why a major policy change has not occurred. In this analysis, I argue that in spite of the processes external to the policy subsystem (e.g. the occurrence of aid effectiveness movement), the minority coalition, whose belief system is mainly represented by altruistic motives and the support for increasing aid effectiveness, has not had enough policy-relevant resources to press for a major policy change. I argue that the conflict between the coalitions is driven by normative beliefs and that it is more likely that there will be incremental policy changes towards aid effectiveness rather than a major policy change in the near future.

## **Abstrakt**

V analýze vývoje české zahraniční rozvojové politiky aplikuji teorii koalic aktérů (*Advocacy Coalition Framework - ACF*), abych zjistil, k jakým změnám v této politice vůči účinnosti pomoci došlo od poloviny 90. let 20. století do současnosti. Pomocí této teorie naznačuji, že změny směrem ke zvýšení účinnosti pomoci, které se objevily během tohoto období, nejsou natolik výrazné, ale že jsou spíše menšího rozsahu.

Argumentuji, že po celé sledované období české zahraniční rozvojové politiky dominoval „systém přesvědčení“ té koalice aktérů, která představuje realistický přístup k této politice vycházející ze „sobeckých“ zájmů, jako jsou například vzájemně výhodné vztahy, zájmy komerční nebo politické a strategické. Použitím ACF se pokouším vysvětlit politický proces a důvody proč nedošlo k výrazné změně v této politice. V této analýze tvrdím, že i navzdory externím procesům, které se odehrávají mimo politický subsystém (jako např. objevení mezinárodního hnutí podporujícího účinnost rozvojové pomoci), menšinová koalice, jejíž „systém přesvědčení“ je zastoupen především altruistickými motivy a podporou pro zvýšení účinnosti pomoci, neměla dostatek politických zdrojů, aby prosadila výraznou změnu politiky. Tvrdím, že konflikt mezi koalicemi je ovlivněn normativními přesvědčeními a že je více pravděpodobné, že v blízké době dojde spíše k dalším dílčím změnám než k zásadní změně této politiky vůči zvýšení účinnosti zahraniční rozvojové pomoci.

### **Keywords**

foreign aid, emerging donors, aid effectiveness, Czech Republic, advocacy coalition framework, policy change

### **Klíčová slova**

zahraniční rozvojová spolupráce, nastupující dárcovské země, efektivnost pomoci, Česká republika, teorie advokačních koalic, politická změna

**Rozsah práce:** 92 normostran, 166 395 znaků

### **Prohlášení**

Prohlašuji, že jsem předkládanou práci zpracoval samostatně a použil jen uvedené prameny a literaturu. Prohlašuji, že práce nebyla využita k získání jiného titulu. Souhlasím s tím, aby práce byla zpřístupněna pro studijní a výzkumné účely.

V Praze dne ..... 2012

Bc. Pavel Trousil

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**The Czech Republic as an Emerging Donor Country and the Policy Change  
towards Aid Effectiveness**

**Introduction and Problem Definition**

The international aid system, which had emerged after the World War II, has undergone a lot of changes during the last decades. After the end of the Cold War, when developed countries often had supported their client states in the global south, the international community has begun to move towards the poverty reduction goals and the promotion of human development. This new aid paradigm that occurred during the post-Cold War period with the new international system and the new role of the United Nations (UN) is probably most accurately expressed in the Millennium Development Goals (MDGs). During the same time in the late 1990's mainly due to the fact that the past aid efforts had not been as effective as expected, the international aid effectiveness movement has emerged. In 2002 there was held the UN international conference in Monterrey to address key global economic and development issues. As a result of the conference there was established the Monterrey Consensus in which the international community agreed to increase the funding for development. However, there was also recognised that increase in financial aid flows of official development assistance (ODA) as such is not sufficient for the development (UN 2003). Consequently, during the 2000's, representatives of donor and recipient countries gathered at the three meetings convened by the Organisation for Economic Cooperation and Development (OECD) in Rome, Paris and Accra to discuss the key issues regarding aid effectiveness. During these meetings important international commitments were signed by global development leaders to ensure a higher impact of development aid to improve lives and reduce poverty in the global south. Recently, at the turn of November and December of 2011 the progress in improving the impact of development aid and achieving the MDGs has been discussed at the Fourth High Level Forum on Aid Effectiveness in Busan, where more than 3,000 representatives from developed and developing countries, international organisations, non-governmental organisations (NGO), international non-governmental organisations (INGO) and the private sector met to discuss how to

improve the effectiveness of the US \$ 120 billion spent per year (OECD 2011a). This is currently one of the main features that are shaping donors' thinking around the world.

Though it can seem that there is a consensus on this issue among the main actors representing both developed and developing countries, the implementation of the basic principles for delivering aid effectively and efficiently is not as easy as it can seem (OECD 2011b). Moreover, although the Paris Declaration on Aid Effectiveness (2005) was signed by many of the non-OECD Development Assistance Committee (DAC) states, this is actually an agenda, which really does matter especially for the OECD/DAC member states and for the other OECD emerging donors that endeavour to merge with the DAC in the near future. The other donor states, such as the Arab countries or the BRICS donor countries, distinguish their assistance programmes from the DAC donor countries in many respects, generally speaking the first concentrate the aid regionally and alongside the principles of social solidarity and religion and the latter maintain the forms of behaviour based on mutually beneficial relationships (Walz and Ramachandran 2010: 11-15). This is undoubtedly because of the fact that in different cultural and political systems there are significant differences in perceptions of legitimacy, applicability, justification and efficacy of the aid effectiveness principles. To give an example, Brautingam argues that China as an emerging donor distinguishes its aid because the country follows "*a distinctly different set of core ideas about development... China's aid [has] changed, but in a way that for the most part diverged sharply from the evolving notions of aid in the West* (2009: 24)". However, in terms of aid effectiveness there are also strong differences among the so-called emerging donor countries – the non-DAC OECD states, the Arab and the southern states.

This master thesis will deal with **foreign aid and its effectiveness and will investigate the development of the Czech foreign aid policy in terms of aid effectiveness**. During the last two decades this Central and Eastern European (CEE) country has undergone a rapid transformation that allowed it to join Western multilateral institutions. In 1995 the country joined the OECD – but not the DAC – and the EU in 2004. This means that the Czech Republic was the first country in the CEE area that renewed its own foreign aid programme. As a member of the OECD, the country has full observer status and is allowed to participate in the DAC meetings and moreover has also received the DAC peer review. The Czech Republic, equally as the



other EU-12 members, adhered to the 2005 European Consensus on Development which pledges to increase ODA to 0.17 % of GNI by 2010 and 0.33 % by the year of 2015 (EC 2006) and the amount has in fact risen significantly over the past years. Because of the membership in these multilateral organisations and the efforts to join the DAC, the development cooperation practice of the country is often seen as the aid assistance that follows the aid assistance guidelines and aid effectiveness principles of the traditional donors. These facts, for instance, can be simply confirmed by the recent government policy documents concerning the Czech's foreign aid programme such as the Transformation of the Czech International Development Cooperation (2007) or most recently the Development Cooperation Strategy of the Czech Republic 2010-2017 which declares the principles to improve aid effectiveness and the impact of ODA (2010: 6-7) and the efforts to implement them.

Although the recommendations regarding the aid effectiveness principles are well known and the OECD and to some extent the other donors also effort to implement them, there is yet little known about **public policy processes concerning aid policies as such and policy changes towards aid effectiveness**, especially in the emerging donor countries including the non-DAC OECD states. This master thesis shall therefore fill some of these gaps by analysing the policy process and the institutional set up of the Czech's aid programme and its recent transformation. Even though the Czech Republic currently may not have a large foreign programme – in 2009 the Czech ODA amounted to US \$ 215 million representing 0.12 % of ODA/GNI (OECD 2011a) – and consequently the country is not going to be a key emerging aid player such as China or Brazil, it is able to represent the non-DAC OECD donors or at least the CEE countries that are also one of the emerging donors currently increasing their international interests, including foreign assistance.

### **Scope of the Analysis**

There is not a universal theory to provide a clearer insight into the circumstances of policy development. In the literature, a lot of approaches and analytical tools are applied by policy analysts to understand public policy problems, policy-making processes and policy outcomes. Before we start to analyse the policy process of this

particular area of government activities, there is a need to pay our attention to the analytical approach we are going to use.

Traditionally, policy problems and policy processes can be basically analysed from two broader perspectives (Howlett and Ramesh 2009: 21). To advice policy-makers, policy analysts often use ideas and techniques derived from economics, this approach is usually described as positivist or rationalist. In spite of many advantages of this 'meta' approach and its popularity in the 1970's and 1980's, there were recognised some of its limits to use such analyses in real policy-making processes. As Howlett and Ramesh accurately mentioned "... *it [this approach] often does not reflect the reality of policy-making as governments almost never make their policies in the manner assumed by this theory (ibid: 26)*". In fact, the policy choice in the real policy process is not actually a technical, but a political one. In response to this disillusion, in the early 1990's emerged a new approach that pays more attention to the process and the context within policies are formed and implemented. This approach, which is often called as *post-positivist* or *post-modernist*, is on the contrary influenced by social theories such as post-modernism or social constructivism. Although many critics question the validity of these normative analyses with reference to their objectivity, as a lot of their proponents argue, it is more useful to combine empirical methods with normative ones. According to these proponents, analysis of policy process helps to better understand why many public problems are not solved, why some policies are not implemented as effectively as expected and why policies do not achieve their targets (see, e.g., Brewer and Leon 1983; Jenkins-Smith and Sabatier 1993a; Sabatier 1998). In this respect, understanding broader political and socio-economic factors can lead to better policy choice and its implementation in a specific actual political context.

In order to make sense of the development of this policy using the premises of the *post-positivist* approach to generate a usable policy analysis, there is a need to specify more precisely how the policy problem, policy-making process and policy outcomes will be investigated. Regardless of the usage of *positivist* or *post-positivist* orientations scholars should address the following three essential elements: *actors*, *ideas* and social and political *structure* (e.g. Howlett and Ramesh 2009: 48, 81). Much attention has been paid by political researchers and policy scholars to the analysis of actors, their mutual interactions and relationships to analyse policy-making and policy

formulation processes (Timmermans and Bleiklie, 1999). To capture the interactions of actors, their ideas and institutions in policy-making precisely, during the two last decades the Advocacy Coalition Framework (ACF) has been developed by Sabatier and Jenkins-Smith (1988; 1993b; 1999), Sabatier (1998), Sabatier and Weible (2007), Sabatier, Weible and McQueen (2009) and others. To provide a thorough overview of this analytical framework, the ACF will be discussed in more detail in the chapter 3.2.

### **Research Purpose and Research Design**

Given the scope of the analysis, the main research purpose of this master thesis is not to analyse empirical evidence, such as for example analyses carried out by economists such as Burnside and Dollar (2000), Easterly (2003) and others on the impact of aid on GDP growth in recipient countries, but **to provide a complex explanation of the policy process of the Czech's foreign aid policy and policy changes towards aid effectiveness in one country and to analyse the factors that shape this process and the policy outcomes**. Hence, this master thesis can be simply described as a narrowly focused explanatory case study that aims at an in-depth analysis of how the foreign aid policy has developed in a small emerging non-DAC OECD donor country. In this perspective, the broad method used in this analysis has inductive logic, which can be used to develop generalisations on the basis of empirical observations and testing them against other cases (Howlett and Ramesh 2009: 20).

### **Justification and Contribution**

The question that can be raised here is why should we do something like that? In my view the answer can be twofold. Firstly, despite the limited possibilities to use such results for further research, the obtained results can be further utilised for a comparison with developments of the policy processes in this specific field in other emerging donor countries or at least with some of the other non-DAC OECD emerging donor countries. Although these emerging donors are not going to be a global actor such as it seems in the case of some of the BRICS countries and therefore scholars are mainly focused on these cases (e.g. Walz and Ramachandran 2010), these new donors also have their interests in the so-called global South and will likely implement more and more of their projects in the future to support the development in developing countries. Secondly, in the perspective discussed above, the understanding of the policy process can help better

solve public problems and to improve the implementation of policies. In this respect such results can provide a focus for debate on over how to better govern resource management in the foreign aid policy and how to improve consequently the impact of ODA in recipient countries.

### **Research Questions**

As mentioned above, the main purpose of this thesis is to understand the policy process of the development of the Czech foreign aid policy and explain the policy changes towards aid effectiveness. Hence, the main research question of this thesis can be formulated as follows:

- What policy change towards aid effectiveness has occurred from the early 1990's until recently and what are the probable explanations for that?

To provide an explanation of this policy and explain what policy change has occurred, an analysis of the policy process using the AC framework will be carried out. To answer the research question, there is a need to investigate the development of foreign aid policy that means to analyse precisely the policy outcome, policy context, its actors and their ideas and the casual drivers of policy change as well. These features that need to be investigated can help to formulate the following sub-questions:

- What are the major trends in the development of foreign aid provided by the Czech Republic in terms of increasing the efficiency of aid? What patterns were observed in aid provision?
- What are the factors that determine the development of aid policy and the policy change towards aid effectiveness and what are probable explanations for the observed findings?

When these questions are answered, a better understanding of the Czech foreign aid policy can be provided. These answers can explain the policy-making process and the factors that shape the effectiveness of Czech foreign aid policy and its implementation. Moreover, the results of this master thesis can contribute to the literature concerning emerging donor countries and to the question whether emerging donors are willing or able to adopt the aid effectiveness agenda and its underlying aid

management principles. Finally, the results can also provide suggestions for some improvements that can be made.

## **Literature review**

In this part of the thesis, I will discuss foreign aid and its effectiveness and present the “aid effectiveness principles”. Subsequently, I will discuss theories on the motivations of rich countries for giving foreign aid.

## **Analytical Framework**

In this chapter, I will provide an explanation on how the ACF can be used as a theoretical basis for understanding the policy development.

## **Methodology and Data**

To examine the development of foreign aid policy in the Czech Republic and to answer the research questions, various data and methods will be used. According to many scholars whether it is appropriate given the specific research aim, it is useful to use both qualitative and quantitative methods to obtain research information. Given the purpose and research question of this thesis, both types of data will be used to gain deeper insight into the Czech foreign aid policy and the policy process and its dynamics.

Thus, this thesis will be based on the use of secondary and primary data. To capture changes in foreign aid policy, I will examine documents produced by the national government, national laws, official and public accessible policy documents and other policy-related documents produced by institutions and secondary literature. To obtain more detailed information, I will analyse the transcripts of interviews that will be conducted to collect primary data. This data will be collected through semi-structured interviews with policy experts and participants.

Each of the documents and transcripts will be analysed by searching the following themes: 1) the presence of advocacy coalitions, 2) changes in national foreign aid policies, and 3) the occurrence of meetings and discussions, policy-related events and actors’s constrains and resources.

After the data from each of the documents and interviews were coded, I will synthesise the coded data to provide an explanation of the policy development. Using

the AC framework, I will develop a written case study to explain the evolution of the policy during the past decades.

### **Structure of the Thesis**

The structure of this thesis is as follows. Firstly, I will discuss foreign aid and its effectiveness and present the “aid effectiveness principles”. Subsequently, I will discuss theories on the motivations for giving foreign aid by rich countries. Then, I will provide an explanation on how the ACF can be used as a theoretical basis for understanding the policy development. Then, in the first analytical part of the thesis I will continue with an examination of the development of the Czech foreign aid policy in terms of the efficiency of aid. In the second analytical part, using the ACF, I will attempt to explain the development of the policy and define the factors influencing the policy change. Afterwards, I will discuss the findings in the conclusion.

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### **Abbreviations**

BRICS Brazil, Russia, India, China and South Africa

|      |   |
|------|---|
| DAC  | Development Assistance Committee                      |
| GNI  | Gross National Income                                 |
| INGO | International Non-Governmental Organisation           |
| MDGs | Millennium Development Goals                          |
| NGO  | Non-Governmental Organisation                         |
| ODA  | Official Development Assistance                       |
| OECD | Organisation for Economic Cooperation and Development |
| UN   | United Nations  |
| US   | United States   |

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## **1. Study Objective and Approach**

### **1.1. Introduction**

The international aid system, which had emerged after the World War II, has undergone a lot of changes during the last decades. After the end of the Cold War, when developed countries often had supported their client states in the global south, the international community has begun to move towards the poverty reduction goals and the promotion of human development. This new aid paradigm that occurred during the post-Cold War period with the new international system and the new role of the United Nations (UN) is probably most accurately expressed in the Millennium Development Goals (MDGs). During the same time in the late 1990's mainly due to the fact that the past aid efforts had not been as effective as expected, the international aid effectiveness movement has emerged. In 2002 there was held the UN international conference in Monterrey to address key global economic and development issues. As a result of the conference there was established the Monterrey Consensus in which the international community agreed to increase the funding for development. However, there was also recognised that increase in financial aid flows of official development assistance (ODA) as such is not sufficient for the development (UN 2003). Consequently, during the 2000's, representatives of donor and recipient countries gathered at the three meetings convened by the Organisation for Economic Cooperation and Development (OECD) in Rome, Paris and Accra to discuss the key issues regarding aid effectiveness. During these meetings important international commitments were signed by global development leaders to ensure a higher impact of development aid to improve lives and reduce poverty in the global south. Recently, at the turn of November and December of 2011 the progress in improving the impact of development aid and achieving the MDGs has been discussed at the Fourth High Level Forum on Aid Effectiveness in Busan, where more than 3,000 representatives from developed and developing countries, international organisations, non-governmental organisations (NGO), international non-governmental organisations (INGO) and the private sector met to discuss how to improve the effectiveness of the US \$ 120 billion spent per year (OECD 2011a). This is currently one of the main features that are shaping donors' thinking around the world.

Though it can seem that there is a consensus on this issue among the main actors representing both developed and developing countries, the implementation of the basic principles for delivering aid effectively and efficiently is not as easy as it can seem (OECD 2011b). Moreover,

Moreover, although the Paris Declaration on Aid Effectiveness (OECD: 2005) was signed by many of the non-OECD Development Assistance Committee (DAC) states, this is actually an agenda, which really does matter especially for the OECD/DAC member states and for the other OECD emerging donors that endeavour to merge with the DAC in the near future. The other donor states, such as the Arab countries or the BRICS donor countries, distinguish their assistance programmes from the DAC donor countries in many respects, generally speaking the first concentrate the aid regionally and alongside the principles of social solidarity and religion and the latter maintain the forms of behaviour based on mutually beneficial relationships (Walz and Ramachandran 2010: 11-15). This is undoubtedly because of the fact that in different cultural and political systems there are significant differences in perceptions of legitimacy, applicability, justification and efficacy of the aid effectiveness principles. To give an example, Brautingam argues that China as an emerging donor distinguishes its aid because the country follows “*a distinctly different set of core ideas about development... China’s aid [has] changed, but in a way that for the most part diverged sharply from the evolving notions of aid in the West (2009: 24)*”. However, in terms of aid effectiveness there are also strong differences among the so-called emerging donor countries – the non-DAC OECD states, the Arab and the southern states.

This master thesis deals with foreign aid and its effectiveness and investigates the development of the Czech foreign aid policy in terms of aid effectiveness. During the last two decades this Central and Eastern European (CEE) country has undergone a rapid transformation that allowed it to join Western multilateral institutions. In 1995 the country joined the OECD – but not the DAC – and the EU in 2004. This means that the Czech Republic was the first country in the CEE area that renewed its own foreign aid programme. As a member of the OECD, the country has full observer status and is allowed to participate in the DAC meetings and moreover has also received the DAC peer review. The Czech Republic, equally as the other EU-12 members, adhered to the 2005 European Consensus on Development which pledges to increase ODA to 0.17 % of GNI by 2010 and

0.33 % by the year of 2015 (EC 2006) and the amount has in fact risen significantly over the past years. Because of the membership in these multilateral organisations and the efforts to join the DAC, the development cooperation practice of the country is often seen as the aid assistance that follows the aid assistance guidelines and aid effectiveness principles of the traditional donors. These facts, for instance, can be simply confirmed by the recent government policy documents concerning the Czech's foreign aid programme such as the Transformation of the Czech International Development Cooperation (Government of the Czech Republic 2007a) or most recently the Development Cooperation Strategy of the Czech Republic 2010-2017 which declares the principles to improve aid effectiveness and the impact of ODA and the efforts to implement them (Government of the Czech Republic 2010b: 6-7).

Although the recommendations regarding the aid effectiveness principles are well known and the OECD and to some extent the other donors also effort to implement them, there is yet little known about public policy processes concerning aid policies as such and policy changes towards aid effectiveness, especially in the emerging donor countries including the non-DAC OECD states. This master thesis, therefore, fill some of these gaps by analysing the Czech foreign aid policy-making process. Even though the Czech Republic currently may not have a large foreign programme – in 2009 the Czech ODA amounted to USD 215 million representing 0.12 % of ODA/GNI (OECD 2011a) – and consequently the country is not going to be a key emerging aid player such as China or Brazil, it is able to represent the non-DAC OECD donors or at least the CEE countries that are also one of the emerging donors currently increasing their international interests, including foreign assistance.

## **1.2. Scope of the Analysis**

There is not a universal theory to provide a clearer insight into the circumstances of policy development. In the literature, a lot of approaches and analytical tools are applied by policy analysts to understand public policy problems, policy-making processes and policy outcomes. Before I start to analyse the policy process of this particular area of government activities, there is a need to pay our attention to the analytical approach I am going to use.

Traditionally, policy problems and policy processes can be basically analysed from two broader perspectives (Howlett and Ramesh 2009: 21). To advice policy-makers, policy analysts often use ideas and techniques derived from economics, this approach is usually described as positivist or rationalist. In spite of many advantages of this ‘meta’ approach and its popularity in the 1970’s and 1980’s, there were recognised some of its limits to use such analyses in real policy-making processes. As Howlett and Ramesh accurately mentioned “... *it [this approach] often does not reflect the reality of policy-making as governments almost never make their policies in the manner assumed by this theory (ibid: 26)*”. In fact, the policy choice in the real policy process is not actually a technical, but a political one. In response to this disillusion, in the early 1990’s emerged a new approach that pays more attention to the process and the context within policies are formed and implemented. This approach, which is often called as *post-positivist* or *post-modernist*, is, on the contrary, influenced by social theories such as post-modernism or social constructivism. Although many critics question the validity of these normative analyses with reference to their objectivity, as a lot of their proponents argue, it is more useful to combine empirical methods with normative ones. According to these proponents, analysis of policy process helps to better understand why many public problems are not solved, why some policies are not implemented as effectively as expected and why policies do not achieve their targets (see, e.g., Brewer and Leon 1983; Jenkins-Smith and Sabatier 1993a; Sabatier 1998). In this respect, understanding broader political and socio-economic factors can lead to better policy choice and its implementation in a specific actual political context.

In order to make sense of the development of this policy using the premises of the *post-positivist* approach to generate a usable policy analysis, there is a need to specify more precisely how the policy problem, policy-making process and policy outcomes will be investigated. Regardless of the usage of *positivist* or *post-positivist* orientations scholars should address the following three essential elements: *actors*, *ideas* and social and political *structure* (e.g. Howlett and Ramesh 2009: 48, 81). Much attention has been paid by political researchers and policy scholars to the analysis of actors, their mutual interactions and relationships to analyse policy-making and policy formulation processes (Timmermans and Bleiklie, 1999). To capture the interactions of actors, their ideas and institutions in policy-making precisely, during the two last decades the Advocacy Coalition Framework (ACF) has been developed by Sabatier and Jenkins-Smith (1988; 1993b; 1999), Sabatier (1998), Sabatier and Weible (2007), Sabatier, Weible and McQueen (2009)

and others. To provide a thorough overview of this analytical framework, the ACF will be discussed in more detail in Chapter 3.

### **1.3. Research Purpose and Research Design**

Given the scope of the analysis, the main research purpose of this master thesis is not to analyse empirical evidence, such as for example analyses carried out by economists such as Burnside and Dollar (2000), Easterly (2003) and others on the impact of aid on GDP growth in recipient countries, but to provide a complex explanation of the Czech foreign aid policy-making process and policy changes towards aid effectiveness and to analyse the factors that shape this process and the policy outcomes. Hence, this master thesis can be simply described as a narrowly focused explanatory case study that aims at an in-depth analysis of how the foreign aid policy has developed in a small emerging non-DAC OECD donor country. In this perspective, the broad method used in this analysis has inductive logic, which can be used to develop generalisations on the basis of empirical observations and testing them against other cases (Howlett and Ramesh 2009: 20).

### **1.4. Justification and Contribution**

The question that can be raised here is why should we do something like that? In my view the answer can be twofold. Firstly, despite the limited possibilities to use such results for further research, the obtained results can be further utilised for a comparison with developments of the policy processes in this specific field in other emerging donor countries or at least with some of the other non-DAC OECD countries. Although these emerging donors are not going to be a global actor such as it seems in the case of some of the BRICS countries and therefore scholars are mainly focused on these cases (e.g. Walz and Ramachandran 2010), these new donors also have their interests in the so-called global South and elsewhere and will likely implement more and more of their projects in the future to support the development in developing countries. Secondly, in the perspective discussed above, the understanding of the policy process can help better solve public problems and to improve the implementation of policies. In this respect such results can provide a focus for debate on over how to better govern resource management in the foreign aid policy and how to improve consequently the impact of ODA in recipient countries.

## 1.5. Research Questions

As mentioned above, the main purpose of this thesis is to understand the policy process of the development of the Czech foreign aid policy and explain the policy changes towards aid effectiveness. Hence, the main research question of this thesis can be formulated as follows:

- What policy changes towards aid effectiveness have occurred from the early 1990's until recently and what are the probable explanations for that?

To provide an explanation of this policy and explain what policy change has occurred, an analysis of the policy process using the AC framework will be carried out. To answer the research question, there is a need to investigate the development of foreign aid policy that means to analyse precisely the policy outcome, policy context, its actors and their ideas and the casual drivers of policy change as well. These features that need to be investigated can help to formulate the following sub-questions:

- What are the major trends in the development of foreign aid provided by the Czech Republic in terms of increasing the efficiency of aid? What patterns were observed in aid provision?
- What are the factors that determine the development of aid policy and the policy change towards aid effectiveness and what are probable explanations for observed findings?

When these questions are answered, a better understanding of the Czech foreign aid policy can be provided. Moreover, the results of this master thesis can contribute to the literature concerning emerging donor countries and to the question whether emerging donors are willing or able to adopt the aid effectiveness agenda and its underlying aid management principles.



## **1.6. Structure of the Thesis**

The structure of this thesis is as follows. First of all, I have begun this thesis with an introduction concerning what will be examined, why I decided to do so and what theoretical framework I decided to use in order to examine the Czech foreign aid policy.

Secondly, I will discuss the literature to define foreign aid and the most often used types of its providing. Subsequently, I will focus on the effectiveness of aid and the debate on the goals and objectives of development as well as the theories of social and economic development. Specific attention will be paid to the discussion on different perspectives on the effectiveness of foreign aid as such and the recent efforts to reform aid policies. At the end of Chapter 2, I will present theories on the motivations for giving foreign aid by rich countries. Thirdly, I will pay attention to the analytical framework I am going to use in order to understand better the policy development. Fourthly, I will focus on the methods used to answer the research questions. Then, in Chapter 5, to answer the research questions and to explain the policy changes and policy-making processes and what factors shape the effectiveness of Czech foreign aid policy, I will develop a written case study. In Chapter 5.1, I will outline the evolution of foreign aid policy in the Czech Republic from the mid-1990's to the present. In Chapter 5.2, using the ACF, I will argue that only minor policy changes towards the effectiveness of aid have occurred during this period. In Chapter 5.3, applying the ACF, I will explain why only minor policy changes have occurred during the last years. Afterwards, I will discuss the current state of the policy subsystem. Finally, in Chapter 6, I will present the findings in the conclusion.

## **2. Literature Review**

In this chapter, I will define foreign aid and discuss the most often used types of its providing. Subsequently, I will focus on the effectiveness of aid. I will present the debate on the goals and objectives of development and some of the key theories of social and economic development. Then, I will discuss the different perspectives on the effectiveness of foreign aid as well as the proposals for reforms of aid policies. Finally, I will present theories on providing foreign aid.

### **2.1. What is foreign aid?**

There is no doubt that foreign aid represents an important component of international relations in the post-World War II period and the global development dialogue. During this period, the number of countries that are engaged in development cooperation has been increased and nowadays one can say that almost all countries provide or receive foreign aid in some or another way. Moreover, the system is more complex today and in connection with the emergence of new donors, there are countries that can be considered donors as well as recipients of aid, especially in the global South. In this section, I will discuss foreign aid and explain what exactly I mean when I use this term.

Foreign aid has a lot of labels nowadays. Politicians, journalists and also scholars often use different terms when they speak about the same. Foreign aid is, for instance, called development aid, international aid, overseas aid, development assistance or official development assistance (ODA). And by those, who stress the aspect of active cooperation and partnership between donors and recipient countries, foreign aid is most often termed as development cooperation. In my view, cooperation and partnership are really important in providing foreign aid, when we want to increase the impact of aid, and I would personally prefer to use this term, but in this thesis, I will use the term foreign aid because in practice, much of this aid is not provided on these principles and this is why the use of the latter is more precise.

In addition, because of the above-mentioned trends in the development discourse it would be better to use the terms donor and partner countries rather than developed and developing countries. Nowadays, moreover, foreign aid is not provided only by developed

countries, but there also exists south-south cooperation and this is why it could be better to use the terms donors and recipients. Nevertheless, although there is no convention for using the terms developed and developing countries (UN 1999), I will use these ones for two reasons. Firstly, they are still used in common practice. Secondly, this thesis deals with foreign aid provided from the Czech Republic, which is considered a developed country, to the countries that are most often found developing ones.

Most frequently, foreign aid is described as any transfer of resources from one country to another in order to benefit the recipient country. But in fact, among scholars and politicians, there is a lack of consensus on what foreign aid exactly is or at least what kinds of transfers of resources can be considered foreign aid. Basically, foreign aid is given as grants or concessional loans that are provided by governments, private organisations or individuals to the recipients.

Most of foreign aid is provided from governments to governments but a not negligible part of aid is also given by the private sector. Individuals give aid through NGOs, charities and philanthropic organisations and sometimes aid is also provided by businesses. However, in spite of the fact that some firms give aid today as a part of their corporate social responsibility activities, according to leading international organisations most financial flows and international transfers such as foreign direct investments, portfolio investments or export credits are not counted as a form of aid. More recently, there is also a discussion on whether remittances sent to developing countries by individual migrant workers may be considered a form of foreign aid. Although the transfer of money sent by the private sector to developing countries may be significant, the problem is that the exact amounts are uncertain; figures for these transfers are not well tracked and the estimates vary.

In contrast to the flows from the private sector, transfers from governments to governments and the distribution of financial flows to developing countries are currently quite well tracked. In order to track the flows from governments, during the 1960's, the DAC developed the term ODA that is often used by the international community and many scholars to describe, analyse or compare the efforts of the community to contribute to the development of the developing world. The OECD describes the ODA as follows:

“ODA consists of flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following test: a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and b) it is concessional in character and contains a grant element of at least 25 % (calculated at a rate of discount of 10 %)“ (OECD 2006: 16).

According to this definition, the ODA is a foreign aid that is provided by the official sector, its main goal is economic development and welfare and it is provided as a grant or a loan (with a grant element of at least 25 per cent). This definition therefore excludes the other official flows that the DAC defines as 1) official assistance (OA) which refers to aid flows from donors to more advanced countries in both the developing and developed world and 2) other official flows (OOF) which include other transactions that cannot be classified as OD or ODA because they either are not aimed at the promotion of development and welfare (such as for instance military assistance) or do not have a grant element of at least 25 per cent. The ODA covers foreign aid flows provided by the members of the DAC (consisting of the wealthiest countries of the world), by multilateral institutions (such as the UN and the EU), by non-DAC/OECD countries (e.g. the Czech Republic, Slovenia, Turkey or Iceland) and by some Arab oil-producing countries (such as Saudi Arabia, United Arab Emirates or Kuwait) and all these donors are supposed to promote economic development and welfare in countries of the developing world.

The biggest part of foreign aid is financed either by national governments (mostly from OECD countries) or international organisations. As for national governments, from the perspective of the real amount of transfers, among the largest donor countries belong the US, France, Germany, the UK and Japan. When looking at the amount of transfers as percentage of the GNI, Sweden, Norway, Luxembourg, Denmark and the Netherlands are the largest donors. This bilateral aid is often provided through national organisations such as the United States Agency for International Development (USAID), the Swedish International Development Cooperation Agency (SIDA), the Norwegian Agency for Development Cooperation (NORAD), the Luxembourg Agency for Development Cooperation (LuxDev) or the Austrian Development Agency (ADA). In 2009, bilateral aid accounted for 67 per cent of the total ODA (OECD 2011). Among the international

multilateral organisations involved in providing aid belong for instance the EU, the WB, regional development banks, the UNDP and many other UN agencies. In 2009, multilateral aid was about 30 per cent of the total ODA (*ibid.*). A considerable part of the ODA also consists of the contributions from NGOs that, although they often receive contributions from the official sector, they often have own financial resources from the private sector.

As mentioned before, DAC statistics refer to foreign aid provided by the OECD/DAC members that can be seen as traditional donors, other OECD member states and some of the Arab countries. Nonetheless, more recently many new emerging donors have emerged, which do not follow the DAC's reporting standards. Estimations for these donors vary, according to Walz and Ramachandran, foreign aid provided by them ranges from USD 11 to USD 41.7 billion and between 8 and 31 per cent of global gross ODA (2010: 1). Although these figures are just estimations, it is more than clear that China is the second largest donor after the US and that the new emerging donors will play an important role in the future. Because of this fact, an analysis of foreign aid policies of emerging donor countries can be impossible or at least difficult. Fortunately, the Czech Republic, which is also considered an emerging donor country, efforts to follow the DAC's reporting standards and this is also one of the reasons why data for analysis purposes of foreign aid policy can be easily available. In this thesis, using the concept of the OECD, which was recognised by the international community and many scholars, I will analyse the official development assistance provided by the government of the Czech Republic to developing countries.

Foreign aid policies and donors are often compared by the amount of their ODA. But recently, there has emerged a discussion on the quality of foreign aid that can be considered as important as the quantity measured by this statistical term developed by the DAC. Before I will discuss the impact of foreign aid on development and the effectiveness of aid, I will provide a short overview on types and categories of foreign aid.

## **2.2. Types of foreign aid**

In practice, the ways in which developed countries provide foreign aid vary considerably. Firstly, there are two basic ways how foreign aid can be provided. As discussed before, aid is provided as bilateral, which is given on a government-to-

government basis, and as multilateral through the contributions to international organisations. In the view of many scholars (e.g. Szirmai 2005: 589), bilateral aid prevails because it constitutes opportunities for the support of domestic production, exporters and experts in donor countries. Secondly, foreign aid is provided either as grants or loans with a ground element. Sometimes aid is based on the forgiveness of debt. However, aid is not often financial. Many times, it is provided as goods (e.g. food or technologies) and services (e.g. training or expertise). Another important distinction is often made between development and humanitarian aid. The latter focuses on the elimination of people's suffering that is caused by the occurrence of an emergency such as a natural disaster or a conflict.

There are still many other possibilities left on how aid can be delivered, which could be discussed in more detail but for the purposes of this thesis, I will only focus on the following four categories that are most often distinguished in the literature (Szirmai 2005: 589-591):

*Project aid* (1) provides policy instruments that constitute a set of activities directly affecting the target groups in developing countries. These projects have a specified duration, budget and defined objectives. Nowadays, in order to design, monitor and evaluate international development projects, project managers often use the management tool called Logical Framework Approach (LFA). Through the projects, financial resources and technical assistance are provided to recipient countries. A lot of project aid is concentrated on infrastructural work (e.g., roads, dams, energy projects). However, many projects are not so large in scale. Many projects focus on agriculture, rural development, social services, education, health and so on.

*Programme aid* (2) is provided as a financial support to governments of developing countries on their policies. This is provided as either financial grants or concessional loans with the purpose to benefit the whole economy or specific sectors of the economy, such as e.g. agriculture. This kind of aid is provided in the form of budget support, debt relief and so on. The provision of this type of aid requires more conditionality but it is more flexible. This aid is usually linked to the policy dialogue between donors and recipients.

*Food aid* (3) is provided in the form of food from developed countries that have agricultural surpluses of some products. Food is provided free of charge or at low prices, often in emergency situations, but also as development aid.

*Technical cooperation* (4) is the type of aid that includes activities concentrating on the transfer of knowledge, skills and technical know-how to developing countries. Technical cooperation is concerned with the provision of education, training and payments to experts and consultants from developed countries but also to administrators, workers or teachers from developing countries. As Szirmai mentioned, this is similar to project aid because almost every project include technical cooperation. However, project aid is more about providing finance on physical capital grants, technical cooperation, on the other hand, is more about knowledge, education, capacity building, capacity development, institutional reform or technology transfer. In addition, technical cooperation is also provided through programme aid when the salaries of experts are financed.

There can be much more types of giving aid and also combinations of the types mentioned above. However, one can say that these types illustrate the most frequently used categories of providing foreign aid. In the literature, as well as in practice, there are debates on what types of providing aid are more useful and effective. This will also be partly investigated in the following chapter, which is focusing on the effectiveness of aid.

### **2.3. The effectiveness of aid**

The focus of this chapter is the effectiveness of aid. The key question that concerns many scholars is as whether aid works. Let me start with the question of when we can consider aid as effective. A common-sense understanding would be that aid is effective if it solves or mitigates the problems that motivated its providing. Therefore, the question can be firstly raised as what are the problems or in other words what are the objectives and goals of development?

#### **2.3.1 The goals and objectives of development**

In this part of the thesis, I will discuss the goals and objectives of development and some of the key theories of social and economic development. Due to the fact that this thesis focuses on foreign aid policy, there is no need to discuss theories on development in

more detail. However, when foreign aid is discussed, it is not possible to completely avoid including these theories, because they strongly determine the goals of development that should be fulfilled just through foreign aid.

Basically, the goals and objectives of development are determined by both normative considerations and different theories of development. The goals most often include self-sustaining growth, poverty reduction and more recently, environmental sustainable development, reduction in gender inequality, good governance and enhancing democracy (WB 2002). At first, I will shortly discuss the first two goals that have strongly influenced the discussion of scholars on development issues in the course of time. Afterwards, I will discuss the recent development in the goals of development.

Since the emergence of the international aid system after the end of World War II, economic growth has occupied a prominent position in development discourse as the main goal of development. The argumentation was based on the assumption that developing countries were caught in cycles of poverty: *“Because of low per capita incomes, savings were low. Because of low savings rates, investment was low, so that there were few prospects for future growth of national income and development industrial sector”* (Szirmai 2005: 601-2). In this perspective, capital was defined as the key factor for development and this assumption justified foreign aid because it can contribute to investments in the industrial sector and infrastructure and both can consequently lead to development (Millikan and Rostow 1957; Rostow 1971). This was actually the justification for governments of developed countries to intervene in the developing world using foreign aid.

Nonetheless, this theory is now seen as outdated, because in the view of many scholars, capital is an important factor but not sufficient. In brief, growth does not only require capital, but also education, know-how, capacity building, good governance or good public policies (Szirmai 2005: 603). But to be clear, this does not mean that capital is not important. This fact can also be observed in the recent global debate on aid and the declarations on the increase in aid flows. One of the basic assumptions of economic growth theories was also that growth contributes to an improvement in living conditions and a reduction of poverty. During the 1960's, there emerged a strong argument against the theories of economic development. This assumption was based on the facts that in many



developing countries aid helped to support growth, but the poor did not experience an increase in their income and thus inequality in the population was increased (e.g. Sen 1960). The conclusion was that foreign aid should be focused on both economic growth and poverty reduction. Consequently, since the 1970's this point of view on development has influenced the goals of development at least among the OECD donor countries.

Among other key theories influencing the debate on the development goals, undoubtedly belongs the human capital theory, which emphasises training, education, institutional capacity building and investments in human capital in general, as a basic element of growth (Szirmai 2005: 606-7). The importance of these trends can be observed in development cooperation practice in recent years, when more attention has been paid to the institutional and organisational capacity development.

The development in the theories discussed of development and growth strongly influence the current international consensus on development goals. At the beginning of the 1990's, in order to replace the economic growth perspective from the centre of the development process, the UNDP published the first Human Development Report to influence the international policy debate. This report places people into the centre of development:

“People are the real wealth of a nation. The basic objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives. This may appear to be a simple truth. But it is often forgotten in the immediate concern with the accumulation of commodities and financial wealth” (UNDP 1990: 9).

As a result of the process of discussion between the key global actors such as the UN, the OECD, the WB, the IMF and others as well as through a series of conferences led by the UN there were officially established the Millennium Development Goals (MDGs) after the Millennium Summit in 2000 where leaders of governments adopted the UN Millennium Declaration. Following the Millennium Summit, all UN member states and many international organisations have agreed to achieve these goals by 2015. These goals, which were originally derived from earlier international development goals such as the goals discussed in the OECD strategy paper “*Shaping the 21st Century*“ (1996) and others,

focus on the major areas of human development: enhancing human capital, improving basic infrastructure and increasing basic standards of living.

Although, there is criticism towards the MDGs focusing on such aspects as lack of analysis, difficulties to measure them and their justification or that they are not able to capture all needs to achieve the ideals defined by the Millennium Declaration (e.g. Attaran 2005), the MDGs can be assessed as a valuable attempt to objectively measure the objectives of development and track the progress towards development. The strengths of these goals are the indication of the objectives to guide the international community towards a collective goal and consequently, it is easier for donors and recipient countries to coordinate their work to reach the goals. This is also why there currently is a dialogue between UN member states, UN agencies, civil society and others on goals and objectives in the development agenda after 2015. However, the discussion is at its beginning and now it is not obvious what the set of ‘Sustainable Development Goals’ (SDGs) should cover and then how they can be implemented.

To sum up, the question of this chapter was: “What are the goals and objectives of development?” This is an important question in our perspective because the goals and objectives can strongly influence the provision of aid focusing on their fulfilment and realisation. The goals and objectives as such are basically normative but they are also based on theories of development. During the past decades, there has been a comprehensive debate on the goals of development among scholars and policy makers. According to the most recent goals that are broadly supported by the world foreign aid should concentrate on poverty reduction, increasing living standards and an investment in human capital. But, it is more than clear that without capital and growth the human development is not possible. The previous discussion of the goals of development, however, cannot answer the question as if foreign aid can effectively contribute to poverty reduction, increase living standards and economic growth.

### **2.3.2 Perspectives on the effectiveness of foreign aid**

In this section, I will discuss the effectiveness of aid. One debate about it focuses on the question as if aid contributes to social and economic development or on contrary it leads to a dependency of developing countries on aid. In the literature, in the view of

Szirmai there are basically distinguished the following three positions on this question (2005: 609):

1. The radical left-wing view that development aid promotes the penetration of capitalist market relationships in developing countries and consequently leads to the sustained dependence and underdevelopment of these countries.
2. The neoliberal view that development aid hinders economic growth and development, since it maintains inefficient government intervention and obstructs the unfolding of dynamic market relationships.
3. The orthodox view that development aid on balance contributes to economic and social development and to the solution of socio-economic problems in developing countries.

The radical left criticism, which was originally formulated during the 1970's, is based on the theories that consider underdevelopment and poverty as the consequences of political and economic expansion of Western countries (e.g. Hayter, 1971; Griffin 1987). In this perspective, elites in developing countries support political and economic interests of developed countries for the purpose of their benefits and help to maintain regimes that exploit the majority of their own population. This kind of criticism, thus, mentions foreign aid as a way in which developed countries enforce their political and economic interests in the developing world. The radical left critics argue that foreign aid, which is provided from governments to governments, does not reach the poor and helps to maintain corrupt regimes. This point of view on foreign aid has again recently been reflected by some scholars who claim that international financial institutions, which urge developing countries to open their national markets, cause that international companies can take over control over the national economies (e.g. Hertz 2001; Raffer and Singer 2001).

In contrast to the radical left-wing criticism, neoliberal criticism of foreign aid is based on the basic assumption that development and growth are the consequence of entrepreneur activities of individuals on free markets. And the state's interventions in the market are actually the main obstacle to development. Among the main representatives of this criticism, whose work is based on the classic works of the economists Friedman and

Hayek, belong Bauer (e.g. 1976; 1984) and Krauss (1983). According to them, growth is not caused by foreign aid and, moreover, foreign aid, which is actually an intervention of governments in the markets, creates obstacles to growth because the donor's governments intervene into the market. The neoliberal criticism influenced the debate on foreign aid during the 1980's and especially immediately after the end the Cold War.

As one may realise, both of this criticisms are to some extent influenced by ideological assumptions about the market (Szirmai 2005: 617). The third perspective on foreign aid reflected in the literature, is the mainstream one representing the consensus of the international community. Proponents of this perspective claim that foreign aid contributes to development because it provides additional resources that can be used for development. However, they also recognise that foreign aid can often be ineffective and inefficient.

As a response to the criticism discussed above, since the 1980's there has been a debate on the effectiveness of aid and the ways to increase it (e.g. Cracknell 2000; Meltzer 2000; Stiglitz 2002). Some of these critics within this perspective argue that donor governments provide aid to increase their influence in recipient countries rather than to pursue the interests of the developing world. They argue, for instance, that a considerable part of foreign aid is tied, what means that recipient countries have to purchase goods and services from donor countries. According to some estimates, about 50 per cent of foreign aid from the OECD countries can be classified as tied in the 1980's (Jay and Michalopoulos 1989). It is said that donor countries use foreign aid to support their own private sector and this consequently leads to the fact that the prices of goods and services are often higher than in the recipient countries. Moreover, according to some critics, developed countries often choose to support those sectors, in which they are well represented by their industry and exports regardless to the needs of the recipient country. Finally, project costs are often constituted from salaries of the donor country's experts that work in the recipient countries. This all can reduce the real value of foreign aid because aid flows back to donor countries.

Other critics claim that there is insufficient coordination between both donors and recipient institutions in developing countries. Some critics conclude that there is a lack of coherence in aid policies and moreover that there is a lack of coherence among aid policies

and other public policies (both at the global and state/regional/local level) influencing developing countries. Some critics also recognised that developing countries should specify the development objectives on their own; other critics on the other hand call for conditionality because according to them, aid can only work if there are good public policies in developing countries. They consequently call for programme aid rather than project aid because they realised that the effects of isolated projects are lesser and that it is more effective to concentrate on policy reforms and improvements in governance and institutions at state/regional/local level. Other criticism focuses on the increasing bureaucracy of development organisations, others, on the contrary, argue that there is a lack of civil servants responsible for foreign aid or that their capacities are not sufficient (e.g. insufficient attention to analysis, project design, feedback and learning).

There is no need to present the debate on the effectiveness of foreign aid here in a greater detail. To sum up, according to Szirmai there can be distinguished the three basic perspectives on the effectiveness of aid. As mentioned by him, both of the first two perspectives are strongly influenced by “*a priori notions about the market*” (Szirmai 2005: 617). For the left-wing perspective, the market is seen as a mechanism enabling rich countries to exploit the poor ones. On the other hand, from the neoliberal perspective, the market is seen as the main factor supporting development and foreign aid thus consider a barrier to the market mechanisms. The very last perspective argues that foreign aid can contribute to development under some conditions. This perspective actually represents the mainstream perspective on foreign aid that is held by the international community. However, within this mainstream perspective, there has also been increasing criticism. In the following chapter, I will focus on the responses of scholars and the international community on this criticism.

### **2.3.3 The proposals for reforms of foreign aid policies**

To increase the impact of foreign aid on development, scholars have paid more attention to the issues regarding the effectiveness of foreign aid (e.g. Cassen 1986; Riddell 1987; Dollar and Pritchett 1998; Meltzer 2000). According to this literature, in many cases it is almost impossible to isolate the casual effects of foreign aid to assess its effectiveness and, thus, foreign aid is just considered one of the factors that can influence growth and development. Foreign aid as such is not able to create growth but under some conditions

can contribute to growth and can support development. As Szirmai concludes, in the empirical literature, at the macro-economic level there is no consensus on the hypothesis on the correlation between foreign aid and economic growth (2005: 619). Moreover, at the micro-level according to evaluation studies, which development agencies have started to develop to increase the impact of their projects and programmes on development, development projects can contribute to development and the majority of the projects actually do so. This leads to the conclusion that foreign aid can contribute to development because it can accelerate growth and help with alleviation of poverty, but in order to increase its impact and effectiveness, among many scholars and practitioners there is a consensus on the need to improve its providing.

Because of the fact that the past foreign aid efforts had not been as effective as expected and as a response to the criticism of foreign aid discussed above, the effectiveness movement has emerged since the 1980's. Although the debate on the effectiveness of aid has already emerged during the 1980's, until the early 1990s, there was not a discussion on the desirability of foreign aid across the political spectrum. Under the influence of neoliberal ideas popular after the end of the Cold War, aid flows provided by developed countries had started to decrease up to 2000, when states have again begun to appeal for an increase in aid flows and the effectiveness of aid. In 2002, the UN international conference in Monterrey was held to address key global economic and development issues. As a result of the conference, the Monterrey Consensus was established in which the international community agreed to increase foreign aid flows for development (UN 2003). There was also declared that an increase as such is not sufficient and that there is also a need to pay attention to the effectiveness of aid in the pursuit of the MDGs.

Since 2000, representatives of donor and recipient countries gathered at the four meetings convened by the OECD in Rome (2003), Paris (2005), Accra (2008) and Busan (2011) to discuss the key issues regarding aid effectiveness. During these discussions, they agreed to work more effectively on development in the future and as a result of the discussions there, the Paris Declaration on Aid Effectiveness in 2005 and the Accra Agenda for Action in 2008 were presented. These documents, which have been supported by a lot of countries from around the world, represent a comprehensive attempt to change the way of how developed and developing countries work together. The Paris Declaration

stressed an emphasis on ownership of foreign aid and the development agenda by developing countries and presented a set of recommendations to strengthen ownership, alignment, harmonisation, managing for development results and mutual accountability. Now, I will present an overview of these basic principles and recommendations (OECD 2005/2008):

1. *Ownership*: Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions.

There is a consensus that developing countries should have their own national development strategies that are based on broader consultative processes. This should contribute to sustainable development. It was recognised that recipient countries should take over the leadership in coordination of aid and strengthen dialogue with donors and encourage the participation of civil society and the private sector. Developed countries, in turn, should respect developing country leadership and help to strengthen their capacity to exercise it.

2. *Alignment*: Donors base their overall support on the partner countries' national development strategies, institutions and procedures.

To increase the effectiveness of aid, developed countries should align their country strategies, policy dialogues or development cooperation programmes with the developing countries' national development strategies. Wherever possible, donors should use the country's own institutions, systems and procedures for managing foreign aid because this is crucial for building up sustainable institutions. Moreover, developed countries should also use the procedures for public financial management and national procurement systems and where these systems are weak they should work together with the recipient countries to strengthen them. Furthermore, donors should also untie their foreign aid which increases the effectiveness of aid by reducing transaction costs for developing countries and improving country ownership and alignment.

3. *Harmonisation*: Donors' actions are more harmonised, transparent and collectively effective.

Among the reasons why foreign aid is ineffective belong the lack of coordination between donors and a lack of coordination capacity in the recipient country. In the present, in some of the recipient countries, many development agencies from different donor countries work over each other, projects are not integrated and consequently, the administrative costs are higher. Thus, there is a need to implement common arrangements at the country level for planning, funding, monitoring, evaluating or reporting on donor activities and foreign aid flows and to work together to reduce the number of separate and duplicative missions to the field and diagnostic reviews. Donors should provide foreign aid in the form of programme-based approaches rather than in the form of isolated projects. Due to the fragmentation of foreign aid at the global, country or sector level, there should also be promoted a pragmatic approach to the division of labour because the use of complementarity can consequently reduce transaction costs.

Moreover, donor countries should use their respective comparative advantage at the country or sector level and where it is appropriate they should delegate activities or programmes on other lead donors. Recipient countries, on the other hand, should respect the comparative advantage of donors and pursue to achieve donor complementarity at the country or sector level. Because of the fact that a lot of developing countries are weak states where there are insufficient ownership and coordination capacities to deliver foreign aid effectively there is also a need to make progress towards building institutions and establishing governance structures that provide effective governance, public security or equitable access to basic social and health services for their citizens. Finally, both donors and recipients should strengthen incentives for management and staff to work towards harmonisation, but also towards alignment and results.

#### 4. *Results*: Managing resources and improving decision-making for results.

In order to increase the effectiveness of aid, developed and developing countries should manage and implement foreign aid in a way that concentrates on the desired results and uses information to improve decision-making. This means that developing countries should establish results-oriented reporting and assessment frameworks to monitor progress towards the fulfilment of the national and sector development strategies. Developed countries should link their country programming and resources to the results and work



together with recipient countries to strengthen their capacities and demand for results-based management.

5. *Mutual accountability*: Donors and partners are accountable for development results.

Both developed and developing countries should enhance a mutual accountability for results and transparency on foreign aid resources. Developing countries should involve a broad range of development partners in the formulation of national development strategies and in the assessment of the progress in implementing them. Donors should provide transparent and comprehensive information on foreign aid flows because it is important for the planning of activities. Moreover, developed and developing countries should also jointly assess the progress towards the fulfilment of commitments on aid effectiveness. This can also help to strengthen public support for national policies and providing foreign aid.

In 2008, there took place the third forum in Accra to discuss the progress towards the objectives outlined by the Paris Declaration and to accelerate this progress. During this meeting, which in comparison with the previous ones was different in the greater involvement of partners from developing countries and civil society organisations, there was endorsed by the representatives the Accra Agenda for Action (AAA). This is actually a political document that calls for acceleration in the progress towards reforms outlined in the Paris Declaration. The AAA stresses the three areas for change: 1) strengthening developing countries ownership over their own development (supporting policy dialogue; increasing capacity of partner countries; using the systems of developing countries and investing in human resources and institutions of these countries), 2) building more effective and inclusive partnerships for development (supporting partnerships between all development actors – governments of developed and developing countries, the private sector and civil society organisations; reducing the fragmentation of aid and providing untied aid) and 3) delivering and accounting for development results (support developing countries to prepare national statistics and systems for providing information to provide them information for better designing, planning, monitoring or evaluating the impacts of aid.

More recently, the results in achieving the objectives of the Paris Declaration and the AAA were discussed at the Fourth High Level Forum in Busan. Although most of the indicators were still not met neither by donors nor partner countries, the consensus on the need to increase the effectiveness of aid were confirmed.

In terms of the institutionalisation, at the global level, the main international body concerned with the issues relating to the effectiveness of foreign aid is undoubtedly the OECD/DAC and the OECD's Working Party on Aid Effectiveness (WP-EFF). The OECD/DAC that is the committee of selected OECD countries originally responsible for coordination and recording aid-related efforts deals with the effectiveness of aid through its working parties. The DAC, for instance, conduct regular peer reviews on foreign aid policies and development cooperation activities of its member states. These reviews analyse the policies and provide the recommendations on rise in the effectiveness of aid throughout the international community. The WP-EFF can be considered the major international forum on aid effectiveness that recently involved a wide range of partners from both developed and developing countries (governments, bilateral and multilateral donors, NGOs or the private sector). This forum was set up in 2003 to provide a global partnership for development and its main task is to provide policy recommendations and to track and encourage progress in the implementation of the Paris Declaration. This is actually the institution which has organised the High Level Meetings in Rome, Paris, Accra and Busan where representatives of developed and developing countries have discussed some of the most important issues relating to aid effectiveness and where they made the commitments to increase the impact of aid.

There are much more other important initiatives, institutions, global campaigns and global or regional forums where issues relating to the effectiveness of aid are discussed and which provide recommendations for governments, bilateral and multilateral donor agencies, civil society organisations or the private sector providing foreign aid. There is no need to present all of them here. I provided an overview of the proposals for reforms of foreign aid policies that represented a broader consensus of the international community on how to increase the impacts of foreign aid. However, although some progress in the implementations has been made, it must be noted that many of the recommendations are still not practiced neither by donors nor developing countries (e.g. OECD 2011b). Moreover, as mentioned in the introductory chapter, the aid effectiveness agenda really

does matter especially for the OECD/DAC member states and for the non-OECD/DAC emerging donors that are seeking to join the DAC in the near future. There are also other donor states, such as the Arab countries or the BRICS donor countries, which distinguish their foreign aid policies from the traditional donors in many respects. In the literature, most often the BRICS countries are discussed as countries that provide aid on the basis of mutually beneficial relationships (see, e.g. Walz and Ramachandran 2010). In fact, there may be more different motives among donors why they provide foreign aid. This is what I will discuss in the following section.

#### **2.4. Theories on providing foreign aid**

In this section, I will provide an overview of the motives on why foreign aid is provided. In my opinion the motives are important because they can influence the effectiveness of aid. Although it has been already said, foreign aid is often provided to contribute to economic growth and development and reduce poverty, according to the recent literature, it is also provided in order to protect the interests of developed countries (e.g. Berthélemy 2006; Szirmai 2005; Dollar and Pritchett 1998). Szirmai distinguishes the following four kinds of motives for giving foreign aid: moral motives, mutual interests, commercial motives, and political and strategic motives (2005: 582-4).

Firstly, moral motives are based on the reduction of poverty, malnutrition and unacceptable living conditions in developing countries, a duty of the rich to help the poor (such as egalitarianism and solidarity at the global scale) and a responsibility to repay debts from the colonial past. Secondly, mutual interests derive from the principle that development in poor countries is in the interest of both developing and developed countries. The mutual interests are based on the interdependence of the world economy where economic development in poor countries create new markets for exports from developed countries, dealing with global environmental problems, avoiding international conflicts and immigration. Thirdly, there can also be commercial motives in the provision of aid. Foreign aid can be seen as an instrument to make exports from developed to developing countries easier. This is actually a self-interested motive when companies in developed countries lobby to support the provision of foreign aid. And last but not least, there are political and strategic motives for giving foreign aid. According to some critics, foreign aid is a tool of foreign policy of developed countries to maintain or reinforce their

political, economic and cultural ties with former colonial and other countries. Although, there is research that concludes that political and strategic interests for giving aid are nowadays not as crucial as they were during the era of communism (e.g. Boschini and Olofsgård 2003), this cannot be so clear in the case of many emerging donor countries such as China or Brazil.

In contrast to many emerging donor countries, the OECD countries often stress the moral obligation to intervene in developing countries through foreign aid but in the view of some scholars all developed countries providing aid combine self-interested (mutual interests, commercial motives and political and strategic motives) and altruistic motives (e.g. Berthelémy 2006). In my opinion, it was important to provide a short overview on the motives for giving aid at the end of the literature review because they can – as well as the goals of development discussed earlier – influence the effectiveness of aid and in practice they really do so. Before conducting the analysis of the Czech's foreign aid policy, I will pay attention to the analytical framework that I am going to use.

### 3. Analytical Framework

In order to propose the research questions and give a clear overview of which factors are involved and how they are interlinked, the research idea of this thesis can be delineated into an analytical framework. In this section, I will discuss in greater detail the analytical framework I am going to use.

The ACF was initially developed by Sabatier in collaboration with Jenkins-Smith as a new theoretical approach for understanding policy processes over the late 1980's. During the last two decades it has been empirically tested, revised and expanded by many scholars that applied to develop this approach to policy issues in different national contexts around the globe, including even non-democratic regimes and developing countries. However, the basic principles have not considerably changed since the first publication in 1988 (Sabatier and Jenkins-Smith). The basic principles of the ACF are as follows: 1) the concept of the policy subsystem composed of actors interested in a policy issue, 2) the model of the individual rooted deeply in social psychology, 3) the concept of advocacy coalitions held together by common beliefs as the key political actors and 4) the role of science in policy and policy analysis to facilitate learning across coalitions (Sabatier and Weible 2007: 208).

The ACF builds on the concept of the political subsystem (1) that is composed of groups of individual who effort to influence the specific policy to which they are involved. A subsystem is defined by a functional and territorial dimension (Sabatier and Weible 2007). In this case by the functional dimension is meant foreign aid (outlined before in Chapters 2.1. and 2.2.), the territorial dimension is defined by the national context. This is the analytical scope of the “institutions that structure interactions” and can identify the policy subsystem in this thesis. The framework assumes that within this subsystem policy participants interested in this policy “*hold strong beliefs and are motivated to translate those into actual policy*” (Sabatier and Weible 2007: 192). Beliefs and policy change are, in fact, one of the most important dependent variables of the ACF and the framework interprets a policy design as translations of beliefs hold by advocacy coalitions (Sabatier and Jenkins-Smith 1988). The beliefs are very stable over a long time and it is difficult to introduce a major policy change. In connection with this assumption, Sabatier and Jenkins-

Smith distinguished two types of policy subsystems: nascent and mature ones. They characterised the mature policy subsystem by (1999: 135-136):

- a set of participants who regard themselves as a semi-autonomous community who share an expertise in a policy domain and who have sought to influence public policy in that domain for an extended period;
- agencies, interest groups, and research institutions that have had subunits specializing in that topic for an extended period.

This brings us to the fact that mature policy subsystems have two to five advocacy coalitions. And this also means the nascent policy subsystems are often typical for developing countries and the mature systems have been usually developed in the OECD ones.

The policy subsystem is the key unit of analysis because most of policymaking takes place within the subsystem. However, there are two sets of exogenous factors that can affect the subsystem – the relatively stable and dynamic one (Sabatier and Weible 2007). The relatively stable parameters namely include basic attributes of a policy problem, distribution of natural resources, fundamental socio-cultural values, social structure and finally basic constitutional structure. Changes in socioeconomic conditions, changes in public opinions, changes in governing coalitions and changes in other policy subsystems belong to the more important dynamic external perturbations affecting the subsystem because these factors are able to change any time over the years and may more directly cause a policy change. Both of the sets of external factors are actually very important for understanding policy change because they may influence the resources and constraints determining interactions between the policy participants and can subsequently lead to a policy change.

Besides this macro-level assumption discussed above that “*most policymaking occurs among specialists within a policy subsystem but that their behavior is affected by factors in the broader political and socioeconomic system*” (Sabatier and Weible 2007: 191), there is also a micro-level assumption that is based on the premises of social psychology. This is the model of the individual (2). In spite of microeconomics, which tends to explain the actor’s actions through rationality, this model is based on the

assumption that individuals have their own normative ideas and beliefs about a policy problem and this is what determines their actions. The ACF offers a conceptualisation of the belief system that structures beliefs as deep core beliefs, policy core beliefs and secondary beliefs (Sabatier and Jenkins-Smith 1999). Deep core beliefs are the most abstract and least alterable ones (such as e.g. the perception of liberty). The more transformative ones are policy core beliefs that are more tied to a specific policy and a specific policy problem. The most susceptible beliefs to change are secondary ones that are less than subsystem-wide and concern, for instance, detailed rules in a specific government programme (Sabatier and Weible 2007: 196). As already mentioned, the ACF assumes that individuals are motivated to convert beliefs into a specific policy. However, if individuals want to translate some of the components of their belief system into a policy, they have to seek allies, share resources and cooperate together (*ibid.*). In the vocabulary of the ACF, this means that individuals must form an advocacy coalition for the purpose of an effective translation of their beliefs into a policy. The concept of advocacy coalition (3) is described as:

“An advocacy coalition consists of actors from a variety of public and private institutions at all levels of government who share a set of basic beliefs (policy goals plus causal and other perceptions) and who seek to manipulate the rules, budgets and personnel of governmental institutions in order to achieve these goals over time” (Sabatier and Jenkins-Smith 1993c: 215).

Therefore, advocacy coalitions consisting of actors at all levels of government effort to participate in the policy process to pursue their goals into specific policies. For the identification of coalitions there are two basic assumptions. Firstly, people of a coalition have to hold similar policy core beliefs. Secondly, they have to be engaged in a “non-trivial degree of coordination” (Sabatier and Weible 2007: 196). According to Sabatier and Weible (2007: 192), such an aggregation of individual’s belief systems into an advocacy coalition is the best way how to deal with the multiplicity of actors operating in a policy subsystem and this is actually the most important concept of the ACF. This is the concept that enables to analyse – from the perspective of a meso-level analysis – the interaction of interests that mediate between individuals and the government. This is to say that the strength of the ACF lies in the combination of the macro-, micro- and meso-level approaches to analysis of the policy process.

Advocacy coalitions, which pursue their goals to translate them into a specific policy, are affected by not only the external factors influencing the policy subsystem, but also their chances to make a coalition and the availability of resources that can be used to achieve the common goals. Coalition opportunity structures characterised by two sets of variables – the degree of consensus needed for major policy change and the openness of a political system – can be described as features of a polity that affect the actors' constraints and resources (*ibid.*: 200). These are new variables that are particularly useful for the analysis of European corporatist regimes and other regimes with restricted actors' participation such as the Czech Republic in this case. According to Sabatier and Weible's typology of policy-relevant resources, coalition resources, which advocacy coalitions can use to influence a policy, include the formal authority of the coalition's member to make policy decisions, public opinion, expertise and information regarding the policy problem, number of supporters, money and skilful leaders (*ibid.*: 201-203). The availability of these resources and their use by advocacy coalitions operating within a policy subsystem can lead to a policy change.

Using the model of the individual and the concepts of belief systems, advocacy coalitions and policy subsystems, the ACF developed a theory of policy change and policy learning over a longer-time period such as a decade and more. The basic assumption of the ACF is that the members of an advocacy coalition are not willing to change their beliefs and the policy is therefore quite stable and the occurrence of a policy change is unlikely. However, under some conditions, policy changes are possible. According to new revisions of the ACF, there are basically three paths to belief and policy change within a policy subsystem: i) policy-oriented learning, ii) external and internal shocks and iii) negotiated agreements.

Policy-oriented learning (i) is defined as "*relatively enduring alternations of thought or behavioral intentions that result from experience and/or new information and that are concerned with the attainment or revision of policy objectives*" (Sabatier and Jenkins-Smith 1999: 123). Policy changes can thus occur as a result of an alteration in the dominant coalition's understanding of a policy problem during the time, especially on the basis of the exchange of new information among competing advocacy coalitions. That is actually the role of science in policy and policy analysis to facilitate learning across



coalitions (4) and help to alter the belief system of the dominant coalition and replace it by the belief system of the minority coalition (Sabatier and Weible 2007: 198). According to Sabatier and Jenkins-Smith, the success of policy-oriented learning depends on (i) the level of conflict among competing coalitions, (ii) the character of data to inform the policy discussion and (iii) the emergence of a professionalised forum where the information regarding a policy problem is discussed (1993d). Nonetheless, the success of policy-oriented learning is limited because deep core and also policy core beliefs are not as prone to change. Policy-oriented learning based on scientific and technical information thus usually influences the more susceptible beliefs – at the secondary level (Sabatier and Zafonte 2001). Due to this fact, Sabatier and Jenkins-Smith (1999) have distinguished two types of change: the major policy change (at the level of policy core beliefs) and the minor policy change (at the level of secondary beliefs).

Other paths to a policy change are external (outside the control of policy actors, e.g. changes in socioeconomic conditions, outputs from other subsystems) or internal shocks (within the subsystem, e.g. failures of the policies) (ii) to a policy subsystem. The occurrence of a shock is a necessary – but not a sufficient – condition for major policy change (Sabatier and Jenkins-Smith 1988; Sabatier and Weible 2007: 198). Most important is that these shocks can influence the redistribution of political resources or open a new venue within a policy subsystem and these circumstances can lead to changes in the power structure of the subsystem and subsequently to policy changes. Moreover, such shocks (both external and internal) can also lead to changes in the components of policy core beliefs of the dominant coalition or can, in turn, confirm the policy core beliefs of minority coalitions – these also may induce a major policy change. In fact, the study of these links between shocks and policy changes currently belongs to one of the major theoretical line of inquiry in the ACF literature (Weible *et al.* 2011). In sum, three major mechanisms have been articulated by policy scholars to explain policy changes in relation to the shocks: the redistribution of political resources shifting the power among coalitions and the exploitation of newly open venues, skilful exploitation of the venues and resources by a minority coalition and lastly changes in the belief system of the dominant coalition through learning (Sabatier and Weible 2007; Nohrstedt 2008; Nohrstedt and Weible 2010; Nohrstedt 2011; Albright 2011).

The last path to policy change that has been discussed by policy scholars is a situation in which competing advocacy coalitions collaborate and negotiate an agreement (iii) in the form of policy change. This may occur for instance in a situation in which the *status quo* is no longer acceptable for both competing coalitions and due to a “policy stalemate” there is a need to negotiate a policy agreement (Sabatier and Weible 2007).

Although researchers have identified shortages and limitations in the ACF regarding for instance variables and their definitions and operationalisations, this approach still seems to be a more valuable analytical framework to explain policy process than some other approaches. For example, in comparison with analytical approaches such as the stages approach to policy analysis developed by Laswell (1951; 1956), Brewer (1974) and Brewer and DeLeon (1983) among others, the ACF seems to be more useful in many aspects. One of the key aspects is that by using this approach, the interactions within different stages of the policy cycle can be investigated and the dynamics of the policy-making process can be revealed. In this sense, a deeper insight into the understanding and explanation about the policy process can be provided in the particular area of government activities such as providing foreign aid.

#### 4. Methodology

As mentioned in Chapter 1, the purpose of this thesis is to “provide a complex explanation of the policy process of the Czech foreign aid policy and policy changes towards aid effectiveness and to analyse the factors that shape this process and the policy outcomes”. To provide a clearer insight into the circumstances of the policy development, based on the recent development in public policy theories, I decided to use the ACF, which provides an analytical tool to facilitate our understanding of the complex processes of policy changes. Methods used in this thesis are given by the scope of the analysis and the theoretical framework, the research purpose and research design and the research questions. To examine the development of foreign aid policy in the Czech Republic and to answer the research questions, various data and methods were used. According to many scholars, whether it is appropriate given the specific research aim, it is useful to use both qualitative and quantitative methods to obtain research information. Given the purpose and research questions of this thesis, both types of data were used to gain deeper insight into the Czech foreign aid policy and the policy process and its dynamics.

To examine the development of the Czech foreign aid policy and policy changes, I investigated reports and documents produced by the national government, national laws, official and public accessible policy documents, other policy-related documents produced by actors, the secondary literature and empirical data generated by researchers and research institutions. Each of the documents was analysed by searching the following themes: 1) changes in national foreign aid policies, 2) the key organisations, institutions and individuals involved in the foreign aid policy subsystem and 3) the presence of advocacy collations and 4) the occurrence of meetings and discussions, policy-related events and actors’ constraints and resources.

In order to capture the changes in the foreign aid programme, I examined policy-related documents and the secondary literature to code the changes in the foreign aid programme and related policies. To capture the policy changes more precisely, I conducted a quantitative content analysis to gain deeper insight into the policy. According to *Insch et al.* (1997: 8), processing of a serious content analysis requires from the researcher to: identify research questions, identify texts to be examined, specify the unit of analysis and

categories, generate a sample coding scheme, collect and pre-test data, purify the coding scheme, collect data, assess reliability, assess construct validity and analyse data. The policy documents to be examined I chose on the basis of preliminary information that will be gathered by doing a literature review. The sample will include all governmental policy documents concerning the provision of foreign aid during the period from the 1990's to the present. Given by the units that I identified as concepts, I actually used a conceptual analysis that is considered one of the major types of content analyses. In the conceptual analysis, instead of words as categories concepts or propositions are chosen for examination. By using this analysis, the presence of selected terms, both implicit and explicit ones, within texts is investigated. I chose the concepts on the basis of the literature review, especially in Chapter 2.3 and 2.4 in which have been discussed the proposals for reforms of foreign aid policies (the principles of the effectiveness of aid defined by the Paris Declaration) and the motives on why foreign aid is provided. Afterwards, I generated a sample coding scheme, pre-tested data and purified the scheme, and finally collected and analysed data.

Because of the fact that the categories or codes can be selected incorrectly and this therefore can reduce reliability and validity, I combined the quantitative content analysis with other qualitative research methods. I also spent much time making a qualitative content analysis of the documents. Moreover, as a means of triangulation I carried out a literature review and also conducted informal interviews with policy participants and several semi-structured interviews with policy experts. The semi-structured interviews, where allowed, were digitally recorded. Data obtained from these interviews were also used to facilitate to understand the history and the current state of the Czech foreign aid policy subsystem.

On the basis of the results of the analyses conducted before, other policy-related documents and the secondary literature, I identified advocacy coalitions and modelled their belief systems. I identified the stakeholders and their policy resources either directly or on the basis of the literature review and the interviews. The same data sources, I used to identify the factors influencing policy changes and to discuss the current state of the policy subsystem.

After the data from each of the documents, literature and interviews was coded, I synthesised the coded data to provide an explanation of the policy development. Using the AC framework, I developed a written case study to explain the evolution of the policy during the time and to answer the research questions.

## **5. Results**

In this chapter, using the theoretical framework outlined before, I will develop a written case study. First of all, applying the ACF, I will outline the history of foreign aid policy in the Czech Republic from the mid-1990's to the present to examine afterwards what policy changes towards the effectiveness of aid have occurred. Thereafter, using the ACF, the results will be discussed to explain the policy changes that have occurred during the last years. And finally, I will discuss the current state of the policy subsystem.

### **5.1. Historical background of Czech foreign aid policy**

In order to explain what policy change towards aid effectiveness has occurred, in this section of the thesis, I will examine the development of the Czech foreign aid policy and the major trends and patterns in this policy area during the last two decades. I will especially focus on the changes towards the effectiveness of aid and major political events affecting this policy. I have divided the development of the Czech foreign aid policy into three phases as follows: 1) the emergence of the Czech foreign aid programme and the initial regulations, 2) the first attempt to increase the effectiveness of aid and 3) the transformation of the Czech foreign aid programme and the changes towards aid effectiveness.

#### **5.1.1 The emergence of the Czech foreign aid programme and initial regulations**

The Czech's provision of foreign aid to developing countries is not new; the former Czechoslovakia was active in this policy area during the Cold War. There is no official figure for the Czech's provision of foreign aid during this period. According to some estimates, during the 1980's, Czechoslovakia's aid was approximately between 0.7 and 0.9 per cent of the GDP and was provided to more than one hundred countries (Horký 2010: 29). The foreign aid programme was driven in large part by the geostrategic competition between Washington and Moscow and Czechoslovakia mostly provided foreign aid to its client states. The end of the Cold War also brought an end to foreign aid provided by Czechoslovakia. As a result of the economic transformation, the country stopped providing aid to developing countries. The Czech foreign aid programme was renewed in relation to Czech Republic's membership in the OECD in 1995. This means that the Czech Republic

was the first country in the Central and Eastern European region, which renewed its own foreign aid programme. This is also why some scholars call countries, such as the Czech Republic, re-emerging donor countries.

Historically, the “*Principles for Providing Foreign Aid*”, enacted by the government in 1995, was considered a fundamental policy document of the Czech foreign aid policy of the 1990’s. In this document, the government claimed allegiance to the principles for the provision of foreign aid promoted by the UN and the OECD. This document has also excluded military assistance as a type of foreign aid and distinguished multilateral aid, which has been provided through the contributions to international organisations, and bilateral aid. Due to the fact that there was no institution responsible for the provision of bilateral foreign aid, the Czech government decided that this kind of aid would be financed through the ministries such as the Ministry of Industry and Trade (MIT), the Ministry of Agriculture (MA), the Ministry of Education, Youth and Sports (MEYS) and others. In this system the Ministry of Foreign Affairs (MFA) was responsible to oversee and coordinate the provision of foreign aid. However, although inter-ministerial consultations were held at the Inter-Ministerial Committee, the chances of the MFA to influence the bilateral foreign aid programme were naturally limited (see, e.g. Fukan 2002: 15). In spite of its responsibility the MFA was not able to coordinate effectively the Czech foreign aid programme because the institutions, which were actually involved in the provision of foreign aid, were the other ministries. As one of the results of the institutional set up, development projects were implemented in more than 40 recipient countries and in many sectors during these years. Thus, the provision of foreign aid was fragmented and in general the impact of aid was reduced. Hence, among the main features of bilateral foreign aid provided by the Czech Republic in the late 1990’s were fragmentation and insufficient coordination and transparency (e.g. Sládková *et al.* 2008).

### **5.1.2 The first attempt to increase the effectiveness of aid**

After 2000, because of its limited possibilities to coordinate the bilateral foreign aid programme, for the first time the MFA attempted to influence this policy in order to increase effectiveness, efficiency and transparency of bilateral foreign aid (Government of the Czech Republic 2002: 2). In 2001, the MFA submitted to the government the “*Assessment and Evaluation of the Czech Republic Foreign Aid Programme for the 1995-*

*2000 Period*” that presented the drawbacks of the foreign aid system. This analysis identified for instance the need to reduce the number of territories receiving foreign aid as well as the sectors, to increase evaluation of the projects, unify the methodology for designing, planning and managing development projects and to increase the volume of finance allocated for foreign aid programme and the role of the MFA to coordinate these activities more effectively (*ibid.*: 5-6). On the basis of this analysis, the MFA prepared the “*Concept of the Czech Republic Foreign Assistance Programme for the 2002-2007 Period*” that was adopted by the government in 2002. The purpose of this concept was to enable the transformation of the Czech foreign aid programme to be in line with the programmes of the other OECD/DAC and EU donors whose policies are more effective and transparent in this respect. In the concept the MFA proposed the transformation of the system that should include the two following phases. The first phase included the establishment and securing funding of the Development Centre that should be the supporting expert agency of the MFA, the submission of the Concept to the government and the preparation of “*Summary of Expected Requirements and Obligations of the Czech Republic in the Area of Foreign Aid Policy after the Accession to the European Union*” (2002) and of a medium-term financial outlook for the foreign aid budget. The second phase, which should start with the accession of the Czech Republic to the EU, included, most importantly, the establishment of the Development Agency and the creation of legislative and budget conditions for the multi-annual financing of foreign aid (*ibid.*: 16-17). In the proposed system, the Development Agency should take over the agenda of the Development Centre and consequently extend this agenda to become the main organisation implementing the Czech bilateral foreign aid programme.

However, although the Concept was adopted by the government, this was actually not an action plan. And, moreover, according to this Concept it was expected that the MFA in cooperation with the other ministries will carry out an evaluation of the institutional set up which enables the government to make a decision relating to the second phase of the transformation before the accession of the country to the EU (*ibid.*). However, the second phase of the transformation was not implemented during this time. In fact, the main decisions affecting the transformation of the system were made at the level of the ministries whose representatives discussed these issues at the Inter-Ministerial Committee. According to Fukan, the problem was that the management of the bilateral foreign aid programme was based on collective decision-making processes, the MFA did not have



sufficient power to influence the discussions and the other ministries were not willing to give up the financial resources entrusted to the implementation of foreign aid (2002: 15). In spite of this failure, the adoption of the Concept brought minor institutional changes and the reduction of the number of recipients to 20 developing countries. Moreover, in 2003, there was established the Department of Development Cooperation and Humanitarian Aid (DDCHA) that from this time on has been responsible for the foreign aid policy agenda within the MFA.

In relation to the accession of the Czech Republic to the EU, the MFA prepared the *“Principles of International Development Co-operation after the Czech Republic's Accession to the EU”* that were adopted by the government in 2004. First of all, this policy document reflected the new membership of the country in the EU in order to harmonise the Czech foreign aid programme with EU foreign aid policies. Apart from this, these Principles brought a further reduction to the number of recipient countries (including Iraq and Afghanistan there were defined ten recipient countries) and also the number of sectors. Moreover, on the basis of this document, the country strategy papers for the period of 2006-2010 were consequently prepared for each country. However, by adopting this policy document of the government, the fragmentation of the existing institutional set up was confirmed.

In 2005, the government adopted the *“Rules for the selection and financing of bilateral projects within the Czech Republic's international development cooperation”* that as a policy document prepared by the MFA introduced unified guidelines for the implementation of foreign aid projects. Consequently, on the basis of these guidelines, the MFA in cooperation with the Development Centre prepared a development cooperation manual. This *“Project Cycle Manual of Foreign Development Cooperation of the Czech Republic”* was approved in 2006. The manual defined the phases of the project cycle, responsibilities and roles of involved actors and attempted to unify the processes and procedures of the project cycle that were actually carried out by the other ministries responsible for financing the foreign aid projects. The manual that presented recommendations for the other involved actors undoubtedly contributed, to some extent, to the increase in transparency of the provision of bilateral foreign aid provided by the Czech Republic.

### **5.1.3 The “transformation” of the Czech foreign aid programme and the changes towards aid effectiveness**

In order to implement the second phase of the transformation of the institutional system, the MFA prepared the *“Transformation of the Czech International Development Cooperation”* that was finally approved by the government in September of 2007. In the view of Jelínek, during the first half of the 2000’s, there was a lack of “political will” at the governmental level to solve the transformation of the system in order to increase the effectiveness of aid (2004). According to some policy experts and participants, the process of transformation was driven by the efforts of the MFA that applied the DAC/OECD to conduct a special review for the Czech’s foreign aid programme to put through the policy change (Horký 2010: 62; Sládková 2011). The MFA applied the DAC/OECD for the special review in June of 2006 and this happened before the end of the centre-left government.

This special review, which was presented to the government at the beginning of 2007, brought an analysis of the Czech foreign aid programme and proposed the recommendations to increase the effectiveness of aid. The DAC team analysed the programme and recognised that the foreign aid policies are not in line with the principles that are applied by the traditional donors and that the effectiveness of aid should be strengthened. To give an example, *“... the DAC Review Team noted that the Ministry of Industry and Trade mixed commercial and development objectives in a way that is incompatible with DAC standards for the use of development co-operation funds (DAC/OECD 2007: 16).* It is important to mention that the MIT was responsible for about 20 per cent of the financial resources determined for the implementation of the foreign aid projects (see, e.g. Government of the Czech Republic 2007: 22). The recommendations included for instance the implementation of the Paris Declaration, strengthening transparency of foreign aid, establishing a forum to discuss issues relating to the provision of aid, increase in the volume of aid, reduction in the number of recipient countries and sectors and implementing an institutional reform to strengthen the position of the MFA to be able to consolidate an own foreign aid programme and budget and to increase the effectiveness of this programme (DAC/OECD 2007).

After the elections in 2006, the right-wing government and also the centre-right government in 2007 endeavoured to put through the centralisation of the system and an increase in the effectiveness of foreign aid (Government of the Czech Republic 2006; 2007b). Consequently, the above-mentioned technical concept of the transformation based on the recommendations of the DAC/OECD was developed in 2007. The approval of this document launched the major changes in the institutional set up of the Czech bilateral foreign aid programme. For the purpose to increase the effectiveness of foreign aid, the MFA proposed the centralisation of the institutional system, the adoption of a law to regulate the provision of foreign aid by the government, the preparation of the new conceptual document for the next period, strategy sector documents of the Czech Republic and the strategy document for the provision of multilateral foreign aid financed through the contributions to international institutions (Government of the Czech Republic 2007: 2).

The transformation process of the institutional set up has started at the beginning of 2008. Since 2008, the MFA as such is responsible for bilateral foreign aid projects. In January 2008, the Czech Development Agency (CzDA), which was the successor to the Development Centre, was established. This agency, which is governed by the MFA, is currently responsible for the implementation of bilateral foreign aid projects. One of the main ideas of the transformation was that the changes in the system would be implemented incrementally because the continuous implementation of the foreign aid projects was necessary to be ensured. Therefore, projects that were launched before the establishment of the CzDA have been implemented and finished by the other ministries. In 2008, the CzDA took over the new projects from the Ministry of Education, Youth and Sports (MEYS), Ministry of Labour and Social Affairs (MLSA), Ministry of Health (MH) and the Ministry of Transport (MT). In 2009, then, the CzDA took over the projects from the other ministries: Ministry of Industry and Trade, Ministry of Agriculture and the Ministry of the Environment. Nowadays, the MFA is responsible for almost all of the bilateral foreign aid projects. However, there are several permanent exceptions for the following institutions. Firstly, the MEYS is responsible for the provision of scholarships for students from recipient countries to study in the Czech Republic. Secondly, the MH is responsible for the provision of health care for the students from developing countries. Thirdly, the Ministry of Finance (MF) is involved in the implementation of the processes regarding to debt forgiveness or the reduction of debt. Lastly, the Ministry of the Interior (MI) provides

assistance to refugees from developing countries in the Czech Republic and thus is responsible for the sector of migration and security.

In the new institutional system, as mentioned before, the MFA has the main responsibility for the bilateral foreign aid projects. This means that since 2008 the MFA has been responsible for the provision of both bilateral and multilateral aid. This also means that the MFA actually has played the main role in the policy-making processes in the foreign aid policy area as such. To be brief, the MFA takes responsibility for the preparation of the law, conceptual or strategic and other policy documents such as country strategic papers, annual plans of foreign aid and medium-term outlooks and annual reports. The MFA is also responsible for the evaluation of foreign aid projects implemented by the CzDA. This implementing agency takes responsibility for the identification of projects and their implementation. This agency actually contracts with consultants and experts to do the expertise that is needed to formulate the public procurements. The CzDA is also responsible for the preparation of calls for proposals that are prepared by the Czech NGOs. Consequently, the CzDA contracts with private companies or NGOs to do the actual work. Almost in all phases of the project cycle, the CzDA cooperates with the Czech embassies in the recipient countries that are engaged in some activities relating to the implementation of the projects. Although the CzDA is an implementing body, this agency is also, to some extent, engaged in policy-making processes, especially in the preparation of implementation documents such as guidelines for PR activities to present the Czech foreign aid programme (2012) or the project cycle manual. This *“Project Cycle Methodology for Bilateral Development Projects“* (MFA and CzDA 2011), which drew on the 2006 Project Cycle Manual, defined the roles and responsibilities of the stakeholders involved in the provision of bilateral foreign aid in the institutional system that was established during the transformation. Apart from this, the CzDA also started to publish own annual reports and plans providing information about the projects and the activities of the agency.

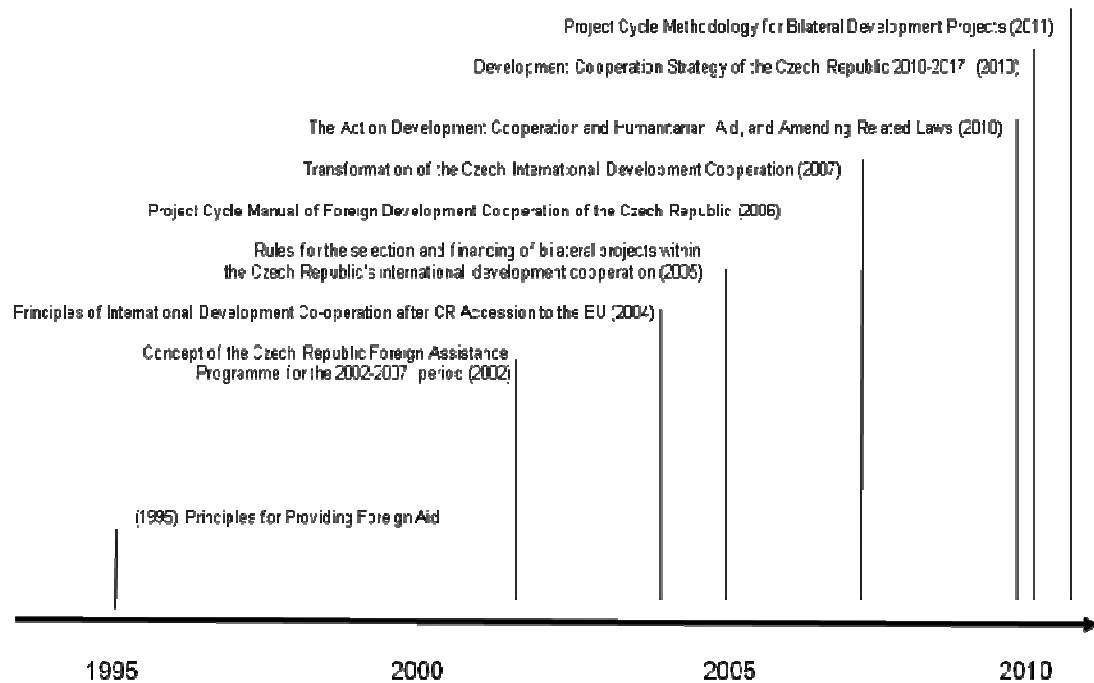
Another component of the system is the Council on International Development Cooperation (CIDC) which is a unique forum for policy discussions between the ministries. The idea was that in this forum issues relating to the coherence of foreign aid policies with the other policies would be discussed. There are also three platforms that have full observer status and are allowed to participate in the meetings. These platforms

are as follows: the Czech Forum for Development Co-operation (České fórum pro rozvojovou spolupráci, FoRS) that is a platform of NGOs and other non-profit subjects involved in foreign aid policies, the Business Platform for Development Cooperation and the Union of Towns and Municipalities of the Czech Republic. Although the main responsibility for policy-making falls on the MFA, the members of the Council have the possibilities to influence the policy through this forum and they actually do so. Since 2008, the Council, which meets about every 2 months, was involved in the preparation of the “*Act on Development Cooperation and Humanitarian Aid*” and the “*Development Cooperation Strategy of the Czech Republic 2010-2017*” (Government of the Czech Republic 2010a; 2010b).

The Act, which should represent a termination of the transformative process, provided the competencies and responsibilities of the governmental authorities responsible for the provision of aid, including the establishment of the CzDA and the Council. Moreover, according to this law, the MFA took the responsibility for its own bilateral foreign aid programme and for the budget determined by the government to finance this programme. The Strategy is considered the key policy document regarding the Czech foreign aid policy nowadays. Briefly speaking, this document defined the goals and objectives of the development, the basic principles and the types of the provision of aid and the territorial and sector priorities. Apart from this, in the Strategy the government declared that it takes into account the international consensus on the development goals and the commitments to increase the volume of aid and its effectiveness arising from the international documents which were signed by the representatives of the Czech Republic during the 2000’s such as the Millennium Declaration (UN 2000), the Johannesburg Declaration (UN 2002), the Monterrey Consensus (UN 2003), the Paris Declaration (OECD 2005), the 2005 European Consensus on Development (EC 2006) or the Accra Agenda for Action (OCED 2008).

One may recognise that a lot of changes towards the effectiveness of aid have occurred in the Czech foreign aid policy during the last years. To give a clear picture of the development of foreign aid policy in the Czech Republic, Figure 1 shows the time-line of different policy-related documents from 1995 until now:

**Figure 1:** The time-line of Czech foreign aid policy-related documents



To understand better what policy changes towards the effectiveness of aid in the Czech foreign aid programme have occurred, I have decided to analyse more precisely the recent policy response to the aid effectiveness, other policy-related documents and the secondary literature. Moreover, I have decided to conduct content analyses which results I will also present in the following chapter.

## **5.2. Czech's emerging aid programme and the policy change towards aid effectiveness**

Thus, what kind of policy change occurred? In this section, applying the ACF, I will argue that the policy change towards the effectiveness of aid that has occurred during the last years is a minor policy change rather than a major one. At first, I will focus on the Czech emerging aid programme as such. Consequently, I will discuss the changes towards the effectiveness of aid in the Czech foreign aid policy.

### **5.2.1 Czech's emerging aid programme**

During the last years, there was an increase in the provision of aid by the Czech Republic. Whereas in 2005 aid was around USD 135 mil, the official figure for Czech aid

in 2010 was about USD 227 mil (OECD 2011a; MFA 2011). During this period the volume of aid increased from 0.11 to 0.13 per cent of the GNI. This means that the Czech Republic was not able to increase the volume of aid to fulfil the commitments arising from the 2005 European Consensus on Development which pledges to increase the ODA to 0.17 per cent of the GNI by 2010 and 0.33 per cent by the year of 2015 (EC 2006). Although the volume of foreign aid provided by the Czech Republic is not as significant as the volume of aid that is provided by the DAC/OECD countries, it puts the Czech Republic together with Slovenia and Poland at the top position among the other CEE countries (OECD 2011a).

In 2010, more than 65 per cent (USD 148.2 mil) of Czech foreign aid was provided through the contributions to the international organisations such as the EU (USD 110.2 mil), WB, UN agencies and others (MFA 2011). For payment of some contributions the Czech Republic has been committed by its membership in these organisations, other contributions are voluntary. In 2010, there was a significant decrease in the volume of multilateral aid and the volume of aid was the lowest since 2003 (*ibid.*: 70). In terms of the effectiveness of aid that is provided through the international organisations, briefly speaking although there actually was not such a significant progress as expected during the last years (OECD 2011b), the majority of these agencies are more experienced with the provision of foreign aid and more or less strive to increase the effectiveness of aid. To increase the effectiveness of aid, the Czech Republic has the chance to effort to do this at least through its membership in these organisations. However, due to the fact that this is beyond the scope of this thesis, I will only focus on the Czech bilateral programme. The other about 35 per cent is aid that is provided by the national government as bilateral aid. According to the OECD data, in 2009, Czech bilateral aid was around USD 101 mil (OECD 2010a). In terms of the volume of bilateral aid, the Czech Republic has placed among the other non-DAC/OECD countries after Turkey (USD 665 mil) and Israel (108 mil). The figure, thus, puts the Czech Republic ahead the other CEE countries. In contrast to multilateral aid there was a significant increase in the volume of aid provided as bilateral during the period from 2003 to 2010; in 2010 the Czech Republic provided about ten times more money than in 2003 (*ibid.*).

The majority of the Czech bilateral aid is provided as project aid and technical cooperation (about 36 per cent of bilateral aid) and humanitarian aid (about 7 per cent). In

2010, about 25 per cent of bilateral aid was provided as scholarships for students from developing countries, aid to refugees in the Czech Republic and debt forgiveness (FoRS 2011: 3). In terms of the effectiveness of aid, according to many the provision of technical cooperation in the form of scholarships for students from recipient countries to study for a longer time in donor countries is not considered significantly efficient because this often causes brain drain from developing countries. One can say that this is also the same in the case of aid to refugees in donor countries because this is not focused to increase the impact of aid on development in developing countries. The Czech bilateral foreign aid programme also focuses on peacekeeping operations (about 20 per cent) and "transformational cooperation" (about 3 per cent), which is the cooperation and support for civil societies and democracy promotion in recipient countries (MFA 2011). There are also other types of bilateral aid but in terms of their volume these are not as significant in scale and therefore I will not pay attention to them.

Among the main recipients of Czech aid in 2010 were Afghanistan, Mongolia, Moldova, Georgia, Serbia and Kosovo. According to the "Development Cooperation Strategy" for the period of 2010-2017, the Czech Republic will support especially Afghanistan, Bosnia and Herzegovina, Ethiopia, Moldova and Mongolia. These countries are defined in the Strategy as "programme countries" because for all of these countries there should be prepared country strategy papers during the coming years (some of these papers have already been prepared). In comparison with the former period, there was a decrease in the number of the so-called "programme countries". In the Strategy there are also defined the other recipients which are Georgia, Cambodia, Kosovo, the Palestinian Autonomous Territories and Serbia. For these countries country strategy papers will not be prepared and aid is provided on the basis of individual projects. Moreover, there are also phase-out countries, which were important recipients in the last years but the government decided to decrease the volume of aid provided to them in the future. These are Angola, Yemen, Vietnam and Zambia. Among the main priority countries of the so-called transformational cooperation, which is focused on reinforcement of democratic institutions and educating and supporting civil society, belong for instance Cuba, Belarus, Burma, Georgia, Afghanistan, Iraq or the Ukraine.



### 5.2.2 The policy change towards aid effectiveness

In this section, I will argue that there has only been a minor policy change towards the effectiveness of aid during the last years. It is more than clear that to some extent the Czech bilateral aid programme capitalises on cultural affinities and the relations that were established during the Cold War. In addition, the majority of recipient countries in 2010 were in Asia (47 per cent) and Europe (26 per cent). Only 10 per cent of the recipients were in Africa and only about 31 per cent of the countries were the least developed countries (LDCs) (MFA 2011). According to the latest MFA data, during the last years the Czech foreign aid programme tended to reduce the provision of aid to these countries where aid is more needed such as in sub-Saharan Africa. Moreover, although among the priority countries are Afghanistan and Ethiopia, which are classified by the OECD as LDCs, the country strategy papers were still not prepared. In spite of the recommendations of the DAC/OECD on the reduction of the number of recipient countries and concentration on the LDCs, the bilateral programme focusing on 14 partner countries is still quite fragmented and concentrated on middle-income countries (see, e.g. Sládková 2011). This means that still too much aid provided by the Czech Republic is going to middle-income countries that, according to Collier, more often get aid because they are more commercially and politically interesting than powerless countries with tiny markets (Collier 2007). In this respect, also on the basis of the number of recipient countries that can also be seen as new markets, it seems that the Czech bilateral programme is not targeting the most extreme poverty and is driven by commercial and also by politic and strategic motives.

According to some policy experts, not only economic interests but also foreign policy has played a major part in influencing the provision of foreign aid (Horký 2010; Lebeda *et al.* 2009: 27, 32). Foreign aid follows the Czech diplomatic presence worldwide and is actually declared by the MFA as an important operational instrument of Czech foreign policy and to promote bilateral relations between the Czech Republic and strategic partner countries: “...development cooperation is an integral part of foreign policy of the Czech Republic and contributes to the fulfillment of its objectives” (Government of the Czech Republic 2010b). Commercial, political and also mutual interests may also be seen in the occurrence of sectors that dominated Czech bilateral aid. In 2010, the majority of aid

was provided to support good governance and civil society (22 per cent; particularly due to the peace-building activities in Afghanistan), 17 per cent were provided as aid to refugees, further aid was provided to support education (13 per cent; including the scholarships for students from developing countries), water supplies, agriculture, social services, industry, health and many others. On the basis of the DAC/OECD recommendations that advice to decrease the number of sectors to 2-3, in order to reduce the number of sectors, the government in the Strategy for the period of 2010-2017 defined five sectors as follows: agriculture, social development, economic development, environment and support of democracy, human rights and social transformation. However, as Sládková mentioned, using the terminology of the DAC/OECD the Czech aid programme actually provides support for 11 sectors (2011). The explanation of this may be based on the basic assumption that more sectors provide broader opportunities for different national exporters and national experts. Consequently, this means that also in terms of sector orientation the provision of aid is still quite fragmented.

In conclusion, it seems that although the Czech bilateral programme is undoubtedly driven by altruistic motives, there are also present other motives and interests affecting the provision of foreign aid. In order to capture these motives in foreign aid policy, I have conducted a conceptual analysis of policy documents produced by the government during the three phases that were discussed in the chapter before. The results are shown in Table 1.

**Table 1: Frequency of motives for giving aid**

| Categories                                 | Sources                  |                           |                            | Total     |
|--|--------------------------|---------------------------|----------------------------|-----------|
|  | Phase I<br>(1995 - 2000) | Phase II<br>(2001 - 2006) | Phase III<br>(2007 - 2011) |           |
| 1 altruistic motives                       | 1                        | 3                         | 3                          | <b>7</b>  |
| 2 mutual interests                         | 1                        | 2                         | 2                          | <b>5</b>  |
| 3 commercial interests                     | 1                        | 1                         | 2                          | <b>4</b>  |
| 4 political, cultural, strategic interests | 1                        | 3                         | 2                          | <b>6</b>  |
| <b>Total</b>                               | <b>4</b>                 | <b>9</b>                  | <b>9</b>                   | <b>22</b> |

Source: Results from the Content Analysis of 9 documents

By looking at the table, the results showed that the most frequent motives in general were “altruistic motives“. The frequency of the motives is lower in phase I because the government during these years did not significantly regulate the provision of aid. However,

the other motives are also very frequent in the Czech foreign aid policy. Moreover, by looking at the groupings of the motives in Table 2, the self-interested motives (mutual interests, commercial motives and political and strategic motives) are more frequent than the altruistic ones (32 per cent). Based on Weber's assumption that the most frequent concepts reflect the greatest concerns (1990), these tables show that the self-interested motives play an important role in the Czech foreign aid policy.

**Table 2: Frequency of motives for giving aid by grouping**

| Categories                | Sources                   |                            |                             | Total     | %          |
|---------------------------|---------------------------|----------------------------|-----------------------------|-----------|------------|
|                           | Phase I.<br>(1995 - 2000) | Phase II.<br>(2001 - 2006) | Phase III.<br>(2007 - 2011) |           |            |
| 1 altruistic motives      | 1                         | 3                          | 3                           | <b>7</b>  | <b>32</b>  |
| 2 self-interested motives | 3                         | 6                          | 6                           | <b>15</b> | <b>68</b>  |
| Total                     | <b>4</b>                  | <b>9</b>                   | <b>9</b>                    | <b>22</b> | <b>100</b> |

Source: Results from the Content Analysis of 9 documents

Given by these results, there is another assumption that these motives influence the effectiveness of Czech foreign aid. To analyse the policy changes in more detail and using the assumptions of the ACF that policy is composed by policy beliefs of dominant advocacy coalition, I have decided to conduct another content analysis focusing on concepts which I identified as the components of policy core beliefs. Some of the components of policy core beliefs, which are the priorities of different policy-related values or in other words whose welfare counts (Sabatier and Weible 2007: 194-195), have already been presented in Table 1 and 2. As other components of policy core beliefs I have decided to use principles specified by the international community and the traditional donors as key reform steps to increase the effectiveness of aid. These components are based on the principles of the effectiveness of aid defined by the Paris Declaration. The results of the conceptual analysis are shown in Table 3. I will also use both analyses in the following chapter to identify the belief systems of the advocacy coalitions.

In analysing Table 3, the most frequent concepts in the Czech foreign aid policy are harmonisation (7), ownership (5), alignment aid flows on recipient strategy priorities (4) and mutual accountability (4). However, by looking at the components in more detail, it is interesting to note that in the cases of ownership, harmonisation and mutual accountability are frequented these concepts as such but the sub-components are less frequented. This may

**Table 3: Frequency of concepts**

| Categories   | Sources                  |                           |                            |          |
|--|--------------------------|---------------------------|----------------------------|----------|
|  | Phase I<br>(1995 - 2000) | Phase II<br>(2001 - 2006) | Phase III<br>(2007 - 2011) | Total    |
| 1 <b>ownership</b>   | 0                        | 3                         | 2                          | 5        |
| 2 respect partner country leadership   | 0                        | 2                         | 1                          | 3        |
| 3 help strengthen capacity of partners to exercise leadership over their development policies, and strategies and co-ordinate  | 0                        | 0                         | 0                          | 0        |
| <b>Subtotal</b>  | <b>0</b>                 | <b>5</b>                  | <b>3</b>                   | <b>8</b> |
| 4 <b>alignment</b>   | 0                        | 1                         | 2                          | 3        |
| 5 increase aid effectiveness by strengthening the partner country's sustainable capacity to develop country systems and procedures (e.g. for national arrangements and procedures for public financial management, | 0                        | 0                         | 1                          | 1        |
| 6 aligned aid flows on recipient strategy  | 0                        | 1                         | 3                          | 4        |
| 7 use of country public financial management systems and country procurement systems   | 0                        | 0                         | 0                          | 0        |
| 8 align own analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and  | 0                        | 0                         | 0                          | 0        |
| 9 make progress on untying aid   | 0                        | 0                         | 0                          | 0        |
| <b>Subtotal</b>  | <b>0</b>                 | <b>2</b>                  | <b>6</b>                   | <b>8</b> |
| 10 <b>harmonisation</b>  | 1                        | 3                         | 3                          | 7        |
| 11 encourage shared analysis and implement common arrangements and simplify  | 0                        | 0                         | 0                          | 0        |
| 12 increase the use of programme-based aid modalities  | 0                        | 0                         | 0                          | 0        |
| 13 use of respective comparative advantage at sector or country level by delegating  | 0                        | 0                         | 0                          | 0        |
| <b>Subtotal</b>  | <b>1</b>                 | <b>3</b>                  | <b>3</b>                   | <b>7</b> |
| 14 <b>managing for results</b>   | 0                        | 0                         | 0                          | 0        |
| 15 introduce transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes  | 0                        | 0                         | 0                          | 0        |
| <b>Subtotal</b>  | <b>0</b>                 | <b>0</b>                  | <b>0</b>                   | <b>0</b> |
| 16 <b>mutual accountability</b>  | 1                        | 1                         | 2                          | 4        |
| 17 provide timely, transparent and comprehensive information on aid flows  | 0                        | 1                         | 2                          | 3        |
| 18 mutual assessments of progress in implementing agreed commitments on aid effectiveness  | 0                        | 0                         | 0                          | 0        |
| <b>Subtotal</b>  | <b>1</b>                 | <b>2</b>                  | <b>4</b>                   | <b>7</b> |
| <b>Total</b>   | <b>2</b>                 | <b>12</b>                 | <b>16</b>                  |          |

Source: Results from the Content Analysis of 9 documents

may mean that in foreign aid policy the basic principles has articulated but the more important components have not been particularly discussed. Moreover, it is interesting that the component “managing for results” is not frequented at all.

In order to explain why this is so and what are the constraints to the Czech aid programme, I have decided to briefly discuss how the principles have been articulated and implemented in the policy. Firstly, although the principles for the effectiveness of aid and as well as the respect to the other international policy documents have been mentioned in the Strategy for 2010-2017, there are still not any implementation documents for them. There is weak dialogue on the implementation of the recommendations in the DAC/OECD special review, the Paris Declaration, the Accra Agenda for Action and the related EU documents. Moreover, some of the recommendations are not considered effective by the government:

“The Accra Agenda for Action (2008) calls for the use of partner country systems, including direct and sectoral budget support. The Czech Republic prefers other forms of assistance, which, in view of its position as a smaller donor, it believes to be more efficient and more beneficial. It is also keen to provide development cooperation through its own practitioners, thus improving their skills and increasing their prospects of involvement in future development activities at an international level, including development projects financed by EU funds“ (Development Cooperation Strategy 2010b: 27).

Using new approaches and modalities such as programme aid based on policy dialogue, budget support and more conditionality is thus not very supported by the government. In this respect, the strengthening capacity of partners to exercise leadership over their development policies is not reflected as well as the majority of sub-component of the alignment principle is not respected. As a result, much of aid is tied on own companies and experts and the developing country systems are not used. In addition, although the harmonisation as such is supported, there is a lack of the usage of shared analysis and implementation of common arrangements. Moreover, the position of the government to the usage of respective comparative advantage at sector or country level by delegating is as follows: “...*the Czech Republic’s position on delegated cooperation is currently similar to its position on budget support: it prefers other forms of development assistance*” (*ibid.*).

The “managing for results” principle based on the usage of transparent and monitorable performance assessment frameworks to assess progress against the development strategies and sector programmes of developing countries is not supported at all and, moreover, strengthening the analysis as well as the usage standard criteria such as cost-efficiency, sustainability or impact for the country strategy papers and in some cases also at the level of projects is often also poor (Lebeda *et al.* 2009: 32).

However, some of the principles are supported and there have emerged partial policy changes during the last decades. Although the managing for results as such is not reflected, the MFA has recently launched the evaluations that may provide some recommendations for the practice. But it depends on the usage of their results by policy practitioners and civil servants responsible for foreign aid in the future. Ownership is actually also provided but mainly only through the participation of recipient countries on the preparation of country strategy papers and in the phases of identification and formulation of projects. And according to some experts, the involvement of the recipients in the preparation of the papers is not sufficient and also the attention paid to analysis, implementation and monitoring is insufficient (*ibid.*). Although some of the country strategy papers have still not prepared and, moreover, they are not translated into operational tools, the usage of these papers provides more transparency and comprehensive information on aid flows and this allows better designing of public policies by recipient countries. In addition, at the implementation level the CzDA is increasingly involved in different international initiatives aimed at increasing the efficiency of aid and in cooperation with other donors there are applied such activities as shared analysis and implementation of projects (in cooperation with USAID, Sida or the ADA) and the provision of support for capacity building and the preparation of own development strategies by recipient countries (in cooperation with other EU-12 states to support the development in Moldova).

In conclusion, in spite of the fact that there have emerged some minor changes in the Czech foreign aid policy, on the basis of the analysis above and by looking at Table 3 from the perspective of time-line, using the ACF terminology a major policy change towards the effectiveness of aid has not occurred. By looking at Table 3, due to a lack of regulation during phase I there are not present many concepts. During phase II, some of the concepts were articulated in the policy. During phase III, in spite of the fact that the

representatives of the Czech Republic in 2005 signed the Paris Declaration and other international documents, there has not been any significant progress towards the application of the principles in more detail. It seems that although the Czech bilateral programme as such is primarily focused on alleviation of poverty, the self-interested motives are strongly represented in the policy. And, as a result of the presence of commercial, mutual and political interests, using Collier's words, there is rather "poverty efficiency" and the policy is far from being poverty-efficient (2007). However, this does not mean that the Czech programme has not been contributing to poverty reduction. At a micro level, the CzDA as well as a lot of NGOs involved regularly report the success of most of their projects. Nonetheless, although the transformation of the system as such has been finished there are a lot of constraints that should be addressed in the future to increase the effectiveness of aid provided by the Czech Republic to developing countries. In the following section, using the ACF, I will discuss why no major policy change has been enforced during the last years.

### **5.3. An ACF analysis of the Czech foreign aid policy subsystem**

In the section 5.1, I have outlined the evolution of foreign aid policy in the Czech Republic from the mid-1990's to the present. In the section 5.2, I have argued that there were only minor policy changes towards the effectiveness of aid. In this part of the thesis, using the ACF, I will attempt to explain why only a minor policy change has occurred during the last years and then I will also discuss the current state of the policy subsystem.

#### **5.3.1 Policy subsystem scope**

As already mentioned in Chapter 3, the policy subsystem analysed in this thesis is defined by the functional dimension through foreign aid and by the territorial dimension through the national context. On the basis of the historical overview outlined above, the policy subsystem analysed in this case study could be already considered a mature one because it has undergone a transition and there currently is a set of participants who share an expertise in foreign aid policy and consider themselves "a semi-autonomous community" (Sabatier and Weible 2007: 192).

### **5.3.2 Advocacy coalitions and stakeholders**

Given by the ACF assumption that advocacy coalitions seek to translate their beliefs into public policies, drawing on the results of the analyses conducted before, other policy-related documents and the secondary literature, there can be distinguished at least two advocacy coalitions in the policy subsystem. These coalitions actually represent the two main arguments which have been generated by the discussion on the role of foreign aid in international relations (see, e.g. Pankaj 2005: 105). The policy core beliefs, their belief systems and members of these coalitions are outlined below.

In terms of the actors involved in the policy, the majority of them have already been mentioned in the section 5.1. During the period from the mid-1990 to the present, the internal structure of the subsystem has been composed of the national government/diverse ministries, some of the ministries' departments, the implementing agency, individual NGOs, research and consultant institutions, different companies, interest groups (such as the FoRS, the BPDC or the UTM), political parties, independent policy experts, researchers and journalists (Horký 2010: 64-81; Horký 2011).

### **5.3.3 The dominant coalition – its members and their belief system and resources**

The dominant coalition, which policy core beliefs are significantly incorporated in the foreign aid programme, can be called “realist perspective coalition”. In examining Table 1 and 2, where the concepts of motives from the documents on foreign aid policy are listed, this indicates that the most articulated concepts were the self-interested motives. To capture the other policy core beliefs, using policy preferences and the aid effectiveness principles such as the components of policy core beliefs I have analysed Table 3, other policy-related documents and statements of interest groups and the secondary literature. The results of this analysis representing the policy core beliefs embodied in the Czech foreign aid policy are presented in Table 4.



**Table 4: The belief system embodied by the foreign aid policy during the two last decades**

| Components of policy core beliefs | Policy core beliefs   |
|-----------------------------------|---|
| 1 policy preferences              | slight increase in the volume of aid  |
| 2 priority of values              | 1) self-interested motives, 2) altruistic motives   |
| 3 ownership                       | focused on partner leadership and support for ownership in the phase of identification and formulation of projects, partially in the phase of the preparation of country strategy papers; low support for the strengthening capacity of partners to exercise leadership over their development policies |
| 4 alignment                       | focused on country strategy papers prepared by the donor country; low support for developing country systems and to make progress on untying aid  |
| 5 harmonisation                   | focused only on the sectors for which the donor country has export interests and expertise; rejection of programme-based approach and the delegation of aid on other donors; low support for shared analysis and common procedures  |
| 6 managing for results            | no support for introduction of transparent and monitorable performance assessment frameworks to assess progress against the national development strategies and sector programmes   |
| 7 mutual accountability           | focused on the provision of timely, transparent and comprehensive information on aid flows and the predictability of aid flows; moreover, especially towards the public in the donor country  |

Source: Results from the content analysis of 9 documents, other policy-related documents and the secondary literature

By looking at the table, the belief system of the dominant coalition can be characterised as follows: 1) there is a view on development aid that it can contribute to development but should also contribute to development of the donor country, 2) although the altruistic motives are important, priorities are given to self-interested motives, 3) foreign aid is treated as a foreign policy tool that promotes the interests of the donor country and 4) the policy strategy is based on increasing the effectiveness in the areas that do not endanger its own interests. The belief system is clearly illustrated in Table 5.

By analysing policy documents and the secondary literature, the “realist perspective coalition” is dominated by the national government, the majority of governmental officials, some of the ministries and their departments (especially by the MFA and the MIT), the majority of political parties and legislators, companies and some of the interest groups such as the BPDC (e.g. Horký 2010: 64-81; Horký 2011; Lebeda *et al.* 2009). Within this coalition there are actually many polarisations and differences among the policy core beliefs of the stakeholders. For example, although most of stakeholders agree that aid can contribute to development, not all of them promote increasing the volume of aid (e.g. MF). Likewise, some of them prefer commercial motives (BPDC and the MIT supporting exporters), other actors prefer mutual interests (MI) or political, cultural and strategic interests (MFA). In fact, the majority of them would also agree that there is a need to increase the effectiveness of aid but many of them have different perceptions on the effectiveness of different policy tools. In addition, as Weible mentioned, there also are coordination patterns that do overlaps in the other clusters based on policy core beliefs (Weible 2007), e.g. some stakeholders also promote the altruistic motives and aid effectiveness principles. This means that they agree on some aspects which are promoted especially by the other coalition as outlined below. Also, for some of them the effectiveness of aid is not a serious policy problem. Moreover, as Sabatier and Weible recognised (2007), the level of coordination within this coalition has varied from strong (e.g. inter-ministerial consultations) to weak (e.g. the BPDC that has only observer status at the CIDC). However, in spite of the distinctions among the stakeholders constituting the “realist perspective coalition” and differences in the level of coordination, they all can be considered the members of this coalition because they hold similar policy core beliefs of the belief system characterised above and are also engaged in a degree of coordination. This is the coalition whose belief system dominates in the Czech foreign aid policy.

In terms of the policy-relevant resources that policy participants can use to influence a public policy, the “realist perspective coalition” controls an extensive amount of resources that makes a major policy change difficult. Using the typology of resources discussed by Sabatier and Weible (2007: 201-204), this coalition has one of the major resources which is the formal legal authority to make policy decisions. According to Lebeda *et al.*, this coalition is supported by the majority of politicians, legislators and governmental officials (2009: 47) and this consequently makes it easier to promote their policy strategy. The general public and public opinion is also considered a major resource.

Although the results of a 2008 survey of the general opinion indicates that this coalition is not considerably supported by the general public (e.g. only 14 per cent of the population claimed that the goal of the programme is to support own economy and about 64 per cent believe that aid should be focused on the alleviation of poverty), only 53 per cent of the population are familiar with the existence of the government programme (SC&C 2008). In addition, the 2009 Eurobarometer showed that only 17 per cent of the Czechs know the MDGs and that there is still low awareness of the MDGs in the Czech population (EC 2009). This means that despite the potential support of the public there is a lack of information on the programme in the population. Moreover, according to some experts there is low awareness on the problems of developing countries and low interests in the issues in other countries (e.g. Lebeda *et al.* 2009). Although the coalition has quite good access to the information relating to the problems of the effectiveness of aid, especially through the involvement of its policy participants in the international dialogue (e.g. permanent representatives of the Czech Republic to the OECD, officials of the MFA, MF and others), according to Sabatier and Weible its usage depends on the strategy of the coalition and consequently the interpretation of the information can be used in the argumentation against the opponents (2007). In this sense, it should be noted that in spite of the minor policy change in this policy, the government has declared full compliance with the principles supported by the Paris Declaration (Government of the Czech Republic 2010b). Some of the elites of this coalition also endeavour to mobilise members of the public who share their beliefs (e.g. the BPDC). In terms of financial resources, this coalition has an advantage because the majority of its participants are paid by the government to participate in this policy. Some of the companies are involved in this policy through the membership in the BPDC but there are also private companies that likely due to high transaction cost of participating in the coalition do not so.

#### **5.3.4 The minority coalition – its members and their belief system and resources**

On the other hand, the other coalition operating in the policy subsystem is the “idealist/altruist perspective coalition”. This is the minor coalition that promotes the effectiveness of aid to increase its impact to recipient countries. On the basis of Table 1 and 2, I have identified the policy core beliefs of this coalition, which are in the opposition to the belief system of the dominant coalition and on the basis of the aid effectiveness principles that are promoted by this coalition (e.g. FoRS 2008- 2011). In this sense, there is

not a need to discuss the beliefs in more detail. Therefore, the belief system of this coalition can be characterised as follows: 1) there is a view on development aid that it can contribute to the development of developing countries, 2) the altruistic motives are more important than the others and 3) the policy strategy is based on increasing the effectiveness of aid in general. To clearly illustrate the belief systems, both belief systems are presented in Table 5.

**Table 5: Advocacy coalitions' belief systems**

| Coalitions                                  | Beliefs   |
|---|---|
| The realist perspective coalition           | A view on development aid that it can contribute to development but should also contribute to the development of the donor country; although the altruistic motives are important, priorities are given to self-interested motives; foreign aid is treated as a foreign policy tool that promotes the interests of the donor country. Policy strategy is based on increasing the effectiveness in areas that do not endanger its own interests. |
| The idealist/altruist perspective coalition | A view on development aid that it can contribute to the development of developing countries; the altruistic motives are more important than the others. Policy strategy is based on increasing the effectiveness in general.  |

To identify the members of this coalition, I have analysed other policy-related documents, such as statements of interest groups, and the secondary literature. The “idealist/altruist perspective coalition” consists of the FoRS, the attentive NGOs involved in the provision of foreign aid (e.g. Educon), think-tanks and individual researchers (e.g. the Institute of International Relations, Glopolis or the Association for International Affairs). Within this coalition also individuals from government agencies (e.g. the DDCHA, CzDA, the former Development Centre) and legislators and some political parties such as the Green party are viewed as allies (e.g. Horký 2010: 64-81; Horký 2011).

Within this coalition there are also many differences among the policy core beliefs of the stakeholders. For instance, in spite of the fact that the majority of them would agree that aid can contribute to the development and that the alleviation of poverty in developing countries should be the main goal of the aid provision and it would be seen that they only prefer the altruistic motives, in practice, many of NGOs, which are contracted as implementing agencies by the government, have their own interests that they effort to translate into the policy (in this subsystem e.g. the enforcement of the territory and sectors

in which they have expertise) and, moreover, many of the NGOs and their members, employees and activists feed on the sources provided by the government. In this sense, there are mutual interests to support an increase in the volume of bilateral aid and especially the budget for the projects that are implemented by NGOs. And moreover, the dependence of some of the NGOs on governmental resources constitutes the constraints of this coalition to enforce a major policy change. In addition, for some of them, the effectiveness of aid promoted by the DAC/OECD is also not a serious policy problem. In fact, there are also other global policy networks and initiatives at the non-governmental level that effort to increase the effectiveness of aid and especially the effectiveness of the development cooperation provided by the civil society organisations. On the other hand, many of the coalition's members of the policy community and civil society organisations, which are not contracted as implementing agencies, have paid attention not only to an increase in the volume of aid as such but also to the effectiveness of aid and "policy coherence" (e.g. FoRS, Glropolis) that can be considered much more important than foreign aid policy as such. The level of coordination among the members of this coalition also varies but many of them are involved in the FoRS platform that was founded by 15 NGOs in 2002 that have shared the common interests to pursue the effectiveness aid provided by both the Czech Republic and international organisations. In 2010, the FoRS consisted of more than 40 member and observer organisations (Horký 2010: 73-74). In this sense, the coordination in this coalition can be considered much higher than, for instance, among the private companies engaged in the provision of foreign aid. Nevertheless, in spite of the distinctions in the above-mentioned coalition, the majority of the members hold similar beliefs or at least they support the belief system of this coalition. This is the minor coalition operating in the policy subsystem.

Compared with the dominant coalition, the "idealist/altruist perspective coalition" controls fewer policy resources. Because of the fact that this coalition primarily consists of "civil society" and NGOs, they have very limited access to actors in position to make political decisions. However, to some extent, this coalition is also supported by the individuals from government agencies (e.g. the DDCHA, CzDA). Although their changes to enforce major policy changes are considerably limited due to the structure of the foreign aid system where they are governed by the MFA/government, from their positions as the governmental bodies responsible for policy-making and implementation they effort to increase the effectiveness of aid. From the perspective of the ACF, these agencies, and

especially the DDCHA funded in 2003 can be considered a “policy broker” that mediates between the coalitions and efforts to find a compromise. According to Sabatier and Weible, this is actually the typical feature of the European corporatist regimes where the accessibility of decision-making venues is limited (2007: 200). In my view, although the general public supports the “idealist/altruist perspective coalition”, in fact, on the basis of the discussion of the results of the 2008 survey above, they have little support from the general public. In terms of the information regarding the problem of the effectiveness of aid, this coalition has also quite good access to the information because some of the policy participants (e.g. the FoRS) are members of different international initiatives dealing with these issues and, moreover, this coalition is supported by individual researchers and think-tanks that mount and disseminate information relating to the effectiveness of aid in the policy subsystem. Likely, the governmental officials also have a good access to the information through the involvement in the international dialogue. This coalition frequently presents the information regarding the problem in the public and political space and, moreover, the members of the coalition present the information at the meetings of the CIDC which is a forum for policy-oriented learning of the dominant coalition. Although this advocacy coalition has only an observer status at this forum, this is the most available venue where this coalition has been and can be active. For the minority coalition, in terms of accessibility, this forum is actually more important than other venues such as the parliament (e.g. due to the fact that the Green party, which can be seen as a supporter of this coalition, is not currently a member party of the parliament). However, a lack of supporters among political parties and the inaccessibility of the coalition to other venue such as the parliament are also crucial. Because of the fact that the majority of the coalition’s members are NGOs that are not conventional for-profit businesses and often are supported by volunteers, this coalition lacks financial resources to purchase other resources that can be used to affect the policy. Supporting governmental officials are paid to participate in this policy, however, the main responsibility for the overwhelming majority of the foreign aid programme have about 30 officials (Horký 2011: 347-348). This means that this coalition therefore has a lack of human resources among the governmental officials to support increasing the effectiveness of aid. Based on the ACF assumption that coalition effort to translate their beliefs into a policy, this coalition has managed to enforce the development of global education in the Czech Republic into the foreign aid programme. This education, which is aimed at increasing the awareness of the population about global problems, could be used to gain more support to increase the importance of

foreign aid policy as well as the effectiveness of aid among the public in the future. On the same assumption, to mobilise the attentive public and improve skilful leaderships of elites and practitioners, the members of this coalition may receive a grant from the government to improve their capacity and policy advocacy (e.g. for projects implemented by the FoRS, the campaign “Czechia against Poverty”). In terms of policy entrepreneurs and skilful leaders within this coalition, the coalition is supported, for instance, by the People in Need (PIN) that is considered the largest and very influential NGO dealing with development cooperation in CEE. In addition, according to some experts, this organisation has been in a close relationship with the MFA and the former director of the PIN subsequently served as the First Deputy Minister of Foreign Affairs at the MFA. Likely, the current director of the organisation was the chairman of the FoRS for a long time (Horký 2010: 74). This coalition is also supported by some skilful officials working for the government both in the country and abroad.

### **5.3.5 Discussion: Initiating a major policy change towards the effectiveness of aid**

To explain policy changes, scholars interested in the ACF developed a theory of policy changes that introduced the three paths for a major policy change that have been discussed in Chapter 3: policy-oriented learning, external and internal shocks and negotiated agreements. In this part of the thesis, applying the ACF theory, I will discuss what the factors are that have been determining the development of aid policy changes towards the effectiveness of aid. At first, I will attempt to explain why the minority coalition was not able to enforce the partial changes towards the effectiveness of aid before 2007. Then, using the ACF assumptions, I will also discuss the current state of the subsystem and a major policy change.

#### **5.3.5.1 Policy changes in response to shocks**

On the basis of the results of the analyses above, conflicts in the policy subsystem have arisen between the two coalitions and their belief systems underlying the altruistic and self-interested motives. During the last decades, the minority coalition has strived to enforce policy changes towards the effectiveness of aid. As a result of the efforts, there has emerged the transformation of the foreign aid system that even though it creates a potential for further policy changes, this process has to be interpreted as a minor policy change because the changes under the process have only been in the actors’ secondary beliefs.

During 2001-2002, to enforce policy changes towards the effectiveness of aid, the minority coalition, which mainly consisted of individual governmental officials during these years, attempted for the first time to influence this policy through the MFA. For the purpose to influence the policy, the MFA attempted to accumulate information relating to the policy problem and the effectiveness of aid and using this resource they presented to the government the report analysing the drawbacks of the foreign aid system. On the basis of this analysis the MFA, in 2002, submitted to the government the concept paper for the period of 2002-2007 that should enable the transformation of the foreign aid system. Unfortunately, the MFA did not have enough supporters in positions of legal authority to make the political decision that would allow a transformation of the system (e.g. Fukan 2002: 15) and there only occurred partial changes towards the effectiveness such as the reduction of the number of recipient countries or the adoption of the 2006 manual of development cooperation. According to Sabatier and Weible, it is unlikely that scientific evidence as such will lead to changes in beliefs and policy through policy-oriented learning (2007) and this assumption was confirmed by the first attempt of the minority coalition to influence the policy that was unsuccessful to a great extent. A considerable part of the foreign aid programme was not controlled by the MFA for further several years and the minority coalition had limited chances to influence the implementation of foreign aid policy.

In the view of Sabatier and Weible, changes in the policy core attributes of a governmental programme require significant perturbations external to the subsystem or internal shocks (*ibid.*). During the 2000's, the policy subsystem experienced several external shocks with the 2000 Millennium Summit, the 2002 Monterrey Conference, the Czech Republic's accession to the EU and the adoption of the European Consensus on Development and the occurrence of the international aid effectiveness movement that culminated between 2005 and 2008 with the presentation of the Paris Declaration and the Accra Agenda for Action. This external events and "policy decisions from other subsystems" undoubtedly shifted the agenda and attracted the attention of key decision-makers in the Czech Republic. In relation with these events and the adoptions of these documents by the Czech representatives, new information was more accessible to the policy participants that could use it as an important resource for their argumentation to increase the effectiveness of aid (e.g. Horký 2010: 62). Moreover, since 2002, the minority



coalition was supported by the Development Centre and the DDCHA provided several skilful leaders that were able to use information relating to the effectiveness of aid strategically (policy expert, 2012: interview 1). In addition, after 2005 the minority coalition also had other skilful leaders in position of legal authority such as the former director of the PIN that served as the first deputy at the MFA (Horký 2010: 74). This appears more important than the existence of the inter-ministerial council where this agenda could be discussed by the attentive governmental officials during Phase I and II of the policy subsystem. During this time, these external shocks and events opened a window of opportunity for the minority coalition to attract new coalition resources. In 2006, the MFA requested the DAC/OECD to conduct the special review of Czech international development co-operation (2007) that was subsequently used to enforce further policy changes and the transformation of the foreign aid system.

Hence, these shocks led to the redistribution of political resources and shifted the balance of power between the coalitions which consequently led to the transformation of the system. However, as discussed in Chapter 5.2, these external shocks did not lead to changes in policy core beliefs of the dominant coalition and the changes which have occurred during this time are rather minor than major. A major policy change in the Czech foreign aid policy has yet not occurred. Therefore, in the following chapter, using the ACF, I will discuss the current state of the policy subsystem and the possible paths that might lead to further changes in the policy.

### **5.3.5.2 The current state of the policy subsystem**

In spite of the fact that the shocks to the policy subsystem provided the opportunity for the minority coalition to press successfully for changes in the policy, the coalition faced a lack of policy resources and consequently these changes were only partial. However, these changes in the foreign aid policy system brought some opportunities to intensify policy-oriented learning and further redistribution of policy resources. These are the effects of shocks that can open a new venue within a policy subsystem or influence the redistribution of political resources.

Firstly, there was established the CIDC which is a new venue within the policy subsystem through which the minority coalition can advocate their positions and influence

the learning of some of the policy participants of the dominant coalition. Although the FoRS has only an observer status at this forum, its representatives as well as the representatives of the CzDA can participate in the policy debate and, theoretically, using the scientific and technical information on the effectiveness of aid, there can be a potential to enforce further policy changes in the future. However, in my opinion there are at least two limitations. By analysing the minutes of the meetings of the CIDC (MFA 2008-2012), the representatives of the FoRS hold more moderate views at the meetings than they usually have. It may be because of the fact that many of the NGOs have their own interests and especially those which are contracted as implementing agencies, feed on the sources provided by the government (see, e.g. *ibid.*). In fact, this can be seen as a constraint of the minority coalition to advocate a less intransigent position. Moreover, this could be also because of the fact that at this forum there should be mainly discussed the issues regarding “policy coherence for development” to build synergies between the other Czech public policies that have an impact on developing countries and the foreign aid policies. In fact, this discussion should be more important in the future and also the international community make efforts to pay more attention to these issues in the current debate on the global governance. But, this is going to be even more difficult than in the case of the effectiveness of aid because there are conflicts between policy core beliefs of actors from many different policy subsystems (see also e.g. Horký 2010; 2011).

Secondly, the external shocks also led to the fact that the minority coalition has gained more officials with formal legal authority to make policy decisions affecting the policy making and implementation processes towards the effectiveness of aid. As a result of the system transformation, the government adopted the “*Act on Development Cooperation and Humanitarian Aid*” which laid the legal framework to regulate the foreign aid policy. On this legal base, the MFA is responsible for almost the entire foreign aid programme, both for policy-making and through the CzDA also for its implementation. Due to the centralisation conflicts between the ministries are reduced and this makes easier policy-oriented learning and offers further potential for increasing efficiency at the implementation level. This can be seen, for instance, on the activities of the CzDA (2012a; 2012b). Although they are implemented rather on an *ad hoc* basis, according to many scholars, trilateralism and the triangular cooperation mechanisms offer a potential for policy-oriented learning and an increase of the impact of aid in the future (e.g. Fordelone 2009; Walz and Ramachandran 2010). This can be also confirmed by the activities of the

DDCHA that, for instance, took the opportunity caused by the shocks and has restored the evaluation of development projects of which results may be used to increase the effectiveness of aid and also for policy-oriented learning of the dominant coalition. In this sense, the minority coalition gained more officials in the position to make a policy decision and can more effectively use the information relating to policy problems that are presented by evaluation studies and mainly by the international community through international initiatives and forums.

However, in spite of the opening of a new venue and the redistribution of policy resources, it is more than likely that policy-oriented learning will not lead to belief or major policy change. Firstly, the conflict between the coalitions is driven by normative beliefs and this rather will lead to incremental and partial changes at the level of secondary beliefs in the policy. However, how difficult it is to enforce incremental policy changes can be observed from the conflicts relating to the creation of jobs within the state administration at the CzDA (MFA 2008-2012) which has less than 20 officials to administrate all bilateral projects and does not have sufficient human and financial resources to implement the aid effectiveness agenda and to work in recipient countries. Currently, the necessary field work is addressed through the missions held by the CzDA and moreover through cooperation with embassies in the recipient countries. This has at least the three following consequences: 1) the foreign aid policy follows, to great extent, the Czech's diplomatic presence worldwide, 2) the embassies do not have sufficient capacity to deal with the development agenda in many cases and this is subordinated to economic diplomacy (see, e.g. Horký 2010) and 3) the embassies are not subordinated to the CzDA and this may create conflicts in the decision-making process relating to projects and programmes. The DDCHA and the CzDA have a plan to establish offices in the five priority countries to make development cooperation more effective and efficient and to work more with the communities in recipient countries (e.g. CzDA 2012b). Although this can be seen as a secondary belief change, the establishment of the offices can actually threaten the interests of the dominant coalition because this would create more potential to increase the effectiveness of aid and to implement the aid effectiveness principles and mechanisms such as for instance the mechanism of untying aid. It should be also noted that, to some extent, this can also threaten some of the members of the minority coalition, especially those who are contracted as implementing agencies by the CzDA. At this moment, it is too early to say whether these changes will be implemented, but due to the

fact that this can threaten the belief system of the dominant coalition and the minority coalition does not have sufficient policy resources to do so, it is rather unlikely that the offices will be set up quickly and without too much difficulty.

Secondly, the minority coalition does not have enough resources to enforce a major policy change. For instance, despite the transformation of the system, this coalition has a lack of supporters among the officials at the MFA as such and this is increasingly reflected in the orientation of the Czech foreign aid on the support for political and strategic interests and in the efforts to highlight the Czech Republic abroad (e.g. Lebeda 2009: 32; Horký 2010: 57). And more recently, in May 2012, the foreign aid policy agenda has been subordinated to the economic section at the MFA but it is too early to tell to what extent the policy will be more influenced by commercial interests. In addition, the MFA does not control the entire foreign aid programme and the other ministries (especially the MF, the MPO and the MI) seek successfully to maintain the agenda under their own control (MFA 2008-2012). Therefore, in spite of the redistribution of resources, it seems that the minority coalition will not have enough policy resources to enforce a major policy change in the foreseeable future.

Another path to a major policy change is a negotiated agreement between competing coalitions that represents a substantial change from the *status quo* (Sabatier and Weible 2007: 205). This is the situation when coalitions are no longer able to accept the situation and initiate cooperation in order to find a consensus. In the case of the Czech foreign aid policy subsystem, in the near future such a situation is unlikely because the status quo is acceptable at least for the dominant coalition. However, one can imagine the situation in which the radical left-wing or the neoliberal view on aid would spread among the public. This could endanger the entire policy subsystem and the interests of all actors that are involved. This leads us to the last path, to the major policy change.

Based on the ACF assumption that “*significant perturbations external to the subsystem are a necessary (...) cause of change in the policy core attributes of a governmental program*” (Sabatier and Weible 2007: 220), there may be discussed additional shocks that could cause changes in the policy core attributes. In my opinion, the policy subsystem may be influenced by the stable exogenous external factors, especially by the changes in fundamental sociocultural values of the Czech society. Although there is a

potential support of the public to the minority coalition, foreign aid policy as such deals with problems in developing countries and there is low interest in global problems and the problems of others in the Czech population. This is also why the minority coalition efforts to develop the global education programme in the Czech Republic and other activities to increase the awareness of global problems. Nevertheless, though these factors can be very important in the future because they can help to establish the resources that can be used by the coalition to enforce a major policy change, they are quite stable and there is almost no chance for them to change within the period of one decade (Sabatier and Weible 2007: 193). Moreover, the effects of these factors are limited as can be seen in the other DAC/OECD countries (e.g. EC 2009).

According to Sabatier and Weible, there are also the dynamic external factors to the subsystem that are more critical in affecting a major policy change (2007). These factors include the changes in socioeconomic conditions, changes in the public opinion, changes in the governing coalition, and policy decisions from other subsystems. A significant growth of the Czech economy and changes in the governing coalition, which could bring major policy changes, can hardly be expected. The public opinion has already been discussed above because in this case it is very much influenced by the fundamental sociocultural values. The policy subsystem may be again influenced by the policy decisions from other subsystems, more specifically, by the decisions made at the international level. Nonetheless, it is hard to imagine how the additional shock should look like. In particular, in the current situation when international donors fail to fulfil their commitments on the effectiveness of aid and ‘donor fatigue’ has started to emerge at the international level and when as a result of the 2007-2012 global financial crisis, some of the traditional donors seriously consider to reduce the volume of aid. However, according to some policy experts, there may emerge an additional shock (policy expert, 2012: interview 2). In terms of the foreign aid policy, the Czech Republic aspires to be the leading donor between the Visegrad Group countries and of the CEE region in general. The efforts of some other countries to become the leading donor of the region and to join the DAC/OECD could cause an external shock that would lead to further policy changes in the foreign aid policy. It is too early to say whether this will really be so.

## 6. Conclusions

During the last decade, debates on emerging donors have sparked great interest among policy scholars and policy practitioners. The question that concerns many scholars and practitioners is as whether emerging donor countries are able or willing to endorse the aid effectiveness agenda and implement its aid management principles to increase the impact of aid on recipient countries. In the literature, much attention is paid to the emerging donor countries that are becoming a force in the international arena such as the BRICS countries. Much less attention is paid by policy scholars to smaller emerging donors which also play an increasingly important role in international relations. The aim of this thesis was to provide a better understanding of the foreign aid policy-making processes towards aid effectiveness in the Czech Republic as an emerging non-DAC OECD donor country.

The main research question of this thesis focusing on the Czech foreign aid policy was as follows: “What policy changes towards aid effectiveness have occurred from the early 1990’s until recently and what are the probable explanations for that?” In my view, it is vital to be able to demonstrate that foreign aid is effective in promoting the development in developing countries.

To answer the first part of the question, through the examination of the major trends in the development of the Czech foreign aid programme from the mid-1990’s to the present, I outlined the recent policy changes towards aid effectiveness that occurred over this period. In order to examine what policy change has occurred, I applied the ACF in the analysis of the policy. Through the examination of the policy, I outlined two competing belief systems in the foreign aid policy subsystem. Using the ACF premises, I argued that during this time, the Czech foreign aid policy is dominated by a belief system which represents a realistic approach to foreign aid policy based on the belief that the provision of aid should be at least mutual beneficial for both donor and recipient countries. In this sense, although the foreign aid provided by the Czech Republic is largely influenced by the poverty reduction paradigm supported by the international community, the self-interested motives such as mutual interests, commercial motives, and political and strategic motives also play an important role. In fact, the findings were not that surprising because the

majority of the traditional donors also combine moral obligations with self-interested motives. However, in the case of the Czech Republic, the self-interested motives are strongly represented in this policy and this consequently limits the potential to increase the effectiveness of aid and contributes to the solutions to global problems. This can be seen, for instance, in the reserved attitudes of the Czech Republic to the proposals for reforms provided by the traditional donors and the limited implementation of aid management principles including support for capacity and institutions building, performance evaluation and results-oriented frameworks, untied aid or accountability. Therefore, in spite of the recent partial policy changes towards aid effectiveness that have occurred during the last years, such as the reform of the institutional set up of the foreign aid system or the reduction in the number of sectors and recipient countries, and the expressed desire of the government to distance itself from the view on the Czech Republic as an emerging donor country, in fact, the Czech foreign aid policy is far from being poverty-efficient. This does not mean that the Czech programme has not been contributing to poverty reduction; however, there are a lot of constraints that should be addressed in the future in order to increase the effectiveness of aid provided by this country to developing countries.

Nonetheless, using the ACF, I argued that there is a low potential to major policy change towards the effectiveness of aid in the coming years. To answer the second part of the question, by the application of the analytical framework, I attempted to explain the foreign aid policy-making process and to identify the factors that influence the policy development. I argued that the conflict between the dominant coalition and the minority coalition, whose belief system is mainly represented by altruistic motives and support for increasing aid effectiveness, is driven by policy core beliefs that are normative and long-lasting and that the minority coalition has not had enough policy-relevant resources, such as a lack of members of the minority coalition in the position of formal legal authority, which the policy participants could use to influence the foreign aid policy.

External and internal shocks may bring the redistribution of policy resources and subsequently lead to policy changes. In the case of the Czech foreign aid policy, the occurrence of the international aid effectiveness movement was not sufficient for the minority coalition to press for a major policy change in foreign aid policy. Although the redistribution of resources led to changes in the power structure of the subsystem and subsequently to policy changes such as the reform of the institutional set up of the foreign

aid system, it did not lead to changes in the components of policy core beliefs of the dominant coalition. Now, it is too early to tell whether the minority coalition will have the access to policy resources that may enforce a major policy change in the near future. This might occur as a result of additional shocks such as changes in fundamental sociocultural values of the Czech society and in the public opinion or the efforts of some other CEE countries to join the DAC/OECD. However, the external shocks led to the redistribution of resources such as to the fact that the minority coalition gained more officials with formal legal authority to make policy decisions affecting the policy making and implementation processes towards the effectiveness of aid and, moreover, the shocks also led to open a new venue within the policy subsystem through which policy participants of the minority coalition can advocate their positions and influence the learning of some of the policy participants of the dominant coalition. Therefore, there is a potential for policy-oriented learning of the dominant coalition. Nonetheless, it is more likely that this will lead to incremental policy changes rather than to a major policy change.

In spite of the fact that the results of this thesis cannot provide useful recommendations for the practice, I believe that the application of the ACF provided a better understanding of the foreign aid policy in the Czech Republic. There is a need for more comparative research on emerging donors' policy frameworks and these results can be used for the comparison of policy processes and for further policy research in the field of these specific governmental activities in other emerging donor countries. Moreover, I believe that these results also can shift the focus for debate on over how to better govern resource management in the foreign aid policy and how to implement aid effectiveness recommendations and improve consequently the impact of the ODA in recipient countries. There is a lack of critical in-depth analyses of the quality and impact of Czech development projects that may provide more policy recommendations. In addition, this case study also confirms that the AC framework may be used to analyse policy processes in the political context of a post-communist country of the CEE region.



## Shrnutí

Tato diplomová práce se zabývá zahraniční rozvojovou politikou České republiky, která jakožto země s obnoveným zahraničním rozvojovým programem patří mezi tzv. nastupující dárcovské země. Práce si klade za cíl přispět k diskuzi o účinnosti pomoci a tom, zda nastupující dárcovské země jsou ochotné či schopné posilovat její účinnost tak, aby pomoc měla výraznější dopady na rozvojové země. Ve středu pozornosti stojí změny v této politice vůči zvyšování účinnosti pomoci, které byly v politice prosazeny od poloviny 90. let 20. století do současnosti. Za využití teorie teorii koalic aktérů (*Advocacy Coalition Framework - ACF*), tato práce naznačuje, že ačkoliv od doby obnovení programu došlo ke změnám v této politice směrem ke zvýšení účinnosti pomoci poskytované Českou republikou rozvojovým zemím, ve světle návrhů mezinárodní komunity pro reformu systémů poskytování rozvojové spolupráce, tyto změny lze charakterizovat spíše jako dílčí, nežli výrazné. Analýza ukázala, že důvodem proč nebylo možné prosadit výraznější změny, je skutečnost, že ačkoliv tato politika přejímá mezinárodní konsensus zaměřený na snižování chudoby ve světě, této politice výrazně nedominují pouze altruistické zájmy. Tato politika je ovlivňována i jinými zájmy, jako jsou například vzájemně výhodné vztahy, zájmy komerční nebo politické a strategické. Výsledky dále naznačily, že výrazná změna politiky směrem ke zvyšování účinnosti pomoci bude náročná, protože aktéři zastávající tyto zájmy jsou v silné politické pozici, což potvrzuje stabilita politiky v období externích podnětů v podobě tlaku mezinárodního hnutí podporujícího účinnost rozvojové pomoci. Analýza dále ukázala, že v důsledku těchto externích podnětů se však otevřel další prostor pro implementaci inkrementálních změn v této politice vůči zvyšování účinnosti pomoci. Vzhledem ke skutečnosti, že tato politika je ovlivněna normativními přesvědčeními zúčastněných aktérů, lze však očekávat mnoho konfliktů i nad těmito dílčími změnami.

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## Abbreviations

|        |  |
|--------|--|
| ADA    | Austrian Development Agency                                |
| BPDC   | Business Platform for Development Cooperation              |
| BRICS  | Brazil, Russia, India, China and South Africa              |
| CIDC   | Council on International Development Cooperation           |
| CzDA   | Czech Development Agency                                   |
| DAC    | Development Assistance Committee                           |
| DDCHA  | Department of Development Cooperation and Humanitarian Aid |
| FoRS   | České fórum pro rozvojovou spolupráci                      |
| GNI    | Gross National Income                                      |
| INGO   | International Non-Governmental Organisation                |
| LDCs   | least developed countries                                  |
| LFA    | Logical Framework Approach                                 |
| LuxDev | Luxembourg Agency for Development Cooperation              |
| MA     | Ministry of Agriculture                                    |
| MDGs   | Millennium Development Goals                               |
| MEYS   | Ministry of Education, Youth and Sports                    |
| MFA    | Ministry of Foreign Affairs                                |
| MF     | Ministry of Finance  |
| MH     | Ministry of Health   |
| MI     | Ministry of the Interior                                   |
| MIT    | Ministry of Industry and Trade                             |
| MLSA   | Ministry of Labour and Social Affairs                      |
| MT     | Ministry of Transport                                      |
| NGO    | Non-Governmental Organisation                              |
| NORAD  | Norwegian Agency for Development Cooperation               |
| OA     | official assistance  |
| ODA    | Official Development Assistance                            |
| OECD   | Organisation for Economic Cooperation and Development      |
| OOF    | other official flows                                       |
| SIDA   | Swedish International Development Cooperation Agency       |
| UK     | United Kingdom   |
| UN     | United Nations   |

UNDP United Nations Development Programme  
US United States  
USAID United States Agency for International Development  
USD United States Dollar  
UTM Union of Towns and Municipalities  
WP-EFF Working Party on Aid Effectiveness

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