

Chapter 5: The Czech Republic's development co-operation delivery and partnerships

Budgeting and programming processes

Indicator: These processes support quality aid as defined in Busan

The Czech Republic is committed to the principles of effective development as agreed in the Busan Partnership for Effective Development Co-operation. Its emphasis on country ownership is evident in its programme and project methodology. Budgeting gives partners an element of multi-year predictability. The Ministry of Foreign Affairs and the Agency have gained experience with the current set of modalities for delivering Czech ODA and are well aware of their limits. As the Ministry prepares the next generation of country strategy papers it should review its mix of instruments and explore new ways to deliver programmes and projects that build and use partner systems, raise sustainability and impact, and are untied.

There is a limited flexibility to reallocate resources between budget lines

The Czech Republic has made some progress towards multi-year predictability. The annual development co-operation plan, which includes a rolling two-year outlook, is shared with partners (MFA 2016a). Once the Czech Republic has a clear medium-term growth plan for its ODA (Chapter 3) it can boost predictability by integrating the projected budget increase for partner countries or territories into the annual planning cycle. It can also facilitate partners' budget planning by sharing the financial plans with them, including those countries from which Czech ODA will be phased out (Chapters 2 and 3).

There are a number of constraints in the current projectised approach to budgeting and financial planning which reduce flexibility, can undermine sustainability, increase administrative costs, and create uncertainty for implementing partners. For example, the annual development co-operation plan is very detailed, with specific budget lines by country and sector; aid can only be partly reallocated between budget lines in some country programmes.

While three-year projects are increasingly common, the Agency still has to prepare a new contract for each year of the project. It only releases new funds when the new contract is agreed, which can cause delays. Partners in Moldova and Ethiopia mentioned that this aspect of project financing is a challenge because they have to deliver the annual contract and the associated budget in a relatively short time-frame (Annex C). Moreover, financing and auditing rules require detailed reporting and proof of expenditure for all projects and tenders. The rules do not differentiate between the project size or the professional capabilities of the implementer (e.g. to conduct their own audits). Given the number of small projects, this imposes heavy administrative costs on implementing partners and the Czech Development Agency. Finally, budgets for tenders must be spent within the year and companies are required to pay a contractual fine if the project activities are not executed according to the contract.

The Czech Republic identifies projects through close consultation with partner government and local authorities

The Czech Republic has been learning from its first round of multi-year country programmes with priority countries or territories. These programmes are a useful tool for discussing and agreeing on priorities with partner governments and the associated memorandum of understanding. Country ownership is built through consultations with partner government line ministries and local authorities, helping to ensure programmes meet local priorities (Annex C).

However, the links between the Czech Republic's country programmes and its projects are not always clear. The priorities in country programmes are broad and only apply to projects delivered by the Czech Development Agency (CzDA). This makes it difficult to guide project selection and to focus all Czech ODA going to the country (Chapter 4). There is scope to make better use of country programmes to match Czech co-operation to partner countries' or territories' development priorities, to increase focus and coherence between projects, and to develop more programme-based approaches. This is confirmed by feedback from Ethiopia and Moldova, where partners commented that Czech co-operation would have more impact if it were more focused and involved bigger projects.

The MFA and CzDA are continuously improving programming and project procedures with input from Czech non-governmental organisations (NGOs) and embassy staff. The project cycle manual is comprehensive and sets out roles and responsibilities as well as templates for proposals and reporting (MFA, 2011). According to the audit of the Supreme Audit Office, project design is improving in terms of its focus on having a sustainable impact.

The Czech Republic does not yet use country systems

With the exception of its aid to the West Bank and Gaza Strip and local procurement in some priority countries or territories for small-scale tenders, the Czech Republic does not use partner systems for programme design, management, expenditure, monitoring or reporting. According to the 2010 Act on Development Co-operation and Humanitarian Aid, the Agency is not authorised to channel grants through non-Czech entities (GoCR, 2010). It tries, therefore, to provide Czech solutions directly. If this is not possible, it will deliver aid through multilateral organisations (multi-bi) and might join a multi-donor programme. In exceptional situations, such as Afghanistan, the Czech Republic provided sector budget support through a trust fund.

The Czech Republic could look into finding ways to use and strengthen country systems and still get visibility for its support. The small volume of resources should not be an obstacle to using partner systems, putting aid on budget and engaging in programme-based approaches. The Czech Republic could, for example, ear-mark its support to a project within a sector programme, fill gaps in expertise through technical assistance or pilot new ideas that could be scaled up, or support institutional reform in a priority sector (Annex C). Giving local partners responsibility for managing Czech-supported projects – with appropriate oversight by the Agency – could also save on administrative costs and increase ownership but the legal framework may need to be amended to do this (Chapter 4).

Once the Agency decentralises operations to partner countries or territories, it should be better placed to identify and partner with local organisations (Chapter 4). However, it will need a clear mandate and guidelines for deciding when and how to use country systems and public sector instruments.

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Risks and opportunities are not assessed systematically from a development perspective

The Czech Republic does not yet have a systematic approach to analysing or managing risks to achieving its overall strategic priorities. It appears to take a narrow view of risks (limited to fiduciary and security risks). However, the current approach to delivering aid through stand-alone projects also poses risks such as undermining partner ownership and reducing sustainability once the project ends. These risks were also identified in the Audit report and evaluations.

The Ministry of Foreign Affairs and the CzDA are planning to conduct more thorough risk assessments at the start of projects, with a focus on sustainability. As it develops this approach, the Czech Republic should also consider systematically analysing the risks and opportunities in delivering the overall strategic objectives of Czech development co-operation and how they will affect development results.

High levels of tied aid stem from a legal requirement

The Czech Republic should step up efforts to untie its aid, in line with Busan commitments to “accelerate efforts to untie aid” (OECD, 2011a). In 2014, the share of untied ODA (excluding administrative costs and in-donor refugee costs) decreased to 32.4% from 40.1% in 2013 – far below the 2014 Development Assistance Committee (DAC) average of 80.6%.

While some public tenders take place in partner countries or territories and attract local companies, there is a financial ceiling of CZK 2 million (about EUR 74 000). The grant scheme, which accounts for 40% of bilateral aid, is fully tied, due to the legal requirement that aid can only be channelled through entities registered in the Czech Republic.

The Ministry of Foreign Affairs is planning to identify the legal amendments required to untie aid further. A key challenge for the MFA and the CzDA will be to convince the government and key stakeholders that untying aid increases value for money and local ownership, which in turn can boost efficiency and impact on the ground. Evidence cited by the OECD shows that tied aid “can increase the costs of a development project by as much as 15 to 30 percent” (Clay, E. J. et al, 2010).

No conditions are attached to projects

The Czech Republic's does not attach policy or any other conditions on its development co-operation.

Partnerships

Indicator: The member makes appropriate use of co-ordination arrangements, promotes strategic partnerships to develop synergies, and enhances mutual accountability

The Czech Republic is a valued development partner. Despite its limited resources and capacity in the field it works well with the government and development partners in key sectors. The next step, as it understands the limits of its current modalities in terms of development impact, will be for the Czech Republic to work through strategic partnerships. To do this, it will need to develop the right policies, tools and instruments.

Division of labour and joint approaches are pragmatic and reflect capacity

In partner countries or territories, the “development diplomats” participate in policy dialogue and co-ordination arrangements and engage in EU joint programming processes. For example, the Czech Republic is leading the joint analysis of the social sectors in Moldova (Annex C). The Czech Republic also tries to avoid duplication with other development co-operation providers. In some instances, the embassy and the Agency try to work closely with other development providers where respective projects have similar objectives but through a project approach. In Moldova, for example, the Czech Republic fits its project within broader efforts by collaborating with Austria and Switzerland (Annex C). However, Czech rules and procedures hinder its contribution to pooled funds and provision of programme funding (Chapter 4). A stronger field presence and delegated authority would maximise its contributions and visibility in more harmonised arrangements. Participating in donor groups would also allow for exchanges with other providers about the context and how they manage projects and different modalities.

Accountability is a work in progress

In addition to the various global accountability reports to which it contributes (MFA, 2016b), the Czech Republic places strong emphasis on responding to partners' priorities and being accountable for delivering on its commitments. The partner government – including central and line ministries and local authorities – is the first port of call for the embassy when identifying new projects. However, given the small scale of projects, the transaction costs of involving line ministries in project committees and monitoring processes can be high. Moreover, as pointed out in the audit of the Czech Supreme Audit office, the Memorandum of Understanding which are signed with the partner government do not have a legal status and this can limit ownership and accountability. Mutual accountability could also be improved by sharing monitoring reports systematically with local partners.

Strategic partnerships will require new tools and instruments

The Czech Republic's current approach to development co-operation needs to be adapted if it is to engage in strategic partnerships with a broader range of government and non-government partners. Its current dependency on Czech NGOs and businesses to deliver most bilateral aid limits the range of projects it can implement, notably when Czech entities do not have the capacity, expertise, or absorption capacity to respond to partners' demands or align with their systems. As the bilateral aid budget increases, the MFA and CzDA should also find ways to work with different partners through other modalities. By having a mix of instruments for delivering the programme it can be more flexible in the way it responds to the priorities of its partner countries or territories.

Transitioning from contract-based co-operation to working through strategic partnerships over the long term will also require new tools and instruments that are results focused (Chapter 6). As it develops its partnership approach, the MFA and the CzDA can learn from other DAC members. For example, the DAC Peer Learning Exercise on Working with the Private Sector in Development Co-operation could be a useful source of good practices.

There is scope to develop new, more strategic ways of engaging with and supporting civil society

The Czech Republic values civil society as one of the foundations of a functioning democratic system (MFA, n.d.). Czech civil society is a key asset and an integral part of development co-operation. It implements about 45% of bilateral aid projects and the government benefits from civil society's development knowledge, experience and policy analysis.

Czech NGOs are also crucial advocates for development co-operation with politicians and the public. They play a watchdog role and challenge the government to deliver on its aid targets and commitments to development effectiveness.

The government has strengthened this sector through its support for capacity building. So-called trilateral co-operation – whereby the CzDA co-finances up to 25% of a NGO project which has another funder e.g. the EU – is an effective way to invest in larger projects. It is also a form of programme support to NGOs and adds weight to their applications to the EU. In 2014, 37 NGO projects were supported by the EU with co-funding from the Czech Agency. The capacity of several Czech NGOs has grown over the years and many of them have a good track record. The local civil society partners of Czech NGOs have also demonstrated their capacity to deliver.

The Ministry of Foreign Affairs is well-placed to build on these positive trends by developing a strategic framework for partnering with civil society and using more effective funding mechanisms, as outlined in the DAC's "12 Lessons for Partnering with Civil Society" (OECD, 2011b). A good starting point could be to prepare an overarching civil society policy that applies to all Czech development co-operation. The policy could build on the Transition Policy, which prioritises strengthening civil society in developing countries, in line with the Busan Partnership (MFA, n.d.). The Czech Republic should also consider developing more predictable, flexible and results-oriented ways of partnering with Czech and non-Czech civil society in its development co-operation.

Fragile states

Indicator: Delivery modalities and partnerships help deliver quality

The Czech Republic does not have a specific strategy or approach to addressing conflict and fragility. However, it does have projects in states that are fragile. While its criteria for selecting partner countries or territories reflect an awareness of the inherent risks, its policies and programmes could reflect issues of fragility better, including by taking a more holistic approach to development and humanitarian assistance in these countries.

Criteria for selecting partner countries or territories take fragility into account

Addressing fragility is not a policy priority of Czech development co-operation. Nevertheless, in 2014, six of its top 10 ODA recipients were conflict-affected or fragile states, compared to four in 2011.¹ The Czech Republic's experience in Afghanistan seems to have influenced its approach to conflict-affected states (Box 5.1). Despite this experience, it has not developed new comprehensive peacebuilding country strategies. In Mali for instance, its military and civilian engagement are not joined together in a comprehensive strategy.

The Czech Republic's criteria for selecting partner countries or territories include the readiness of a country to accept assistance and its ability to engage in political dialogue. These criteria are relevant for fragile states, where the government may require a substantial amount of technical expertise to ensure a constructive partnership.

Nevertheless, while the Czech Republic is aware of fragility in its partner countries or territories, it tends to focus on “less fragile” regions within countries, for example in Ethiopia (Annex C). The Czech Republic's development co-operation strategy and programme in partner countries or territories could be strengthened through more systematic analysis of the drivers of fragility, including climate change. Understanding these drivers is crucial for national policy dialogue, as well as for understanding risks to the Czech Republic programme.

The Czech Republic co-ordinates with other donors and supports multi-donor trust funds

The Czech Republic engages actively with other bilateral development partners to either maximise or sustain its support in fragile or crisis situations – mainly in the form of humanitarian assistance. For instance, it is discussing with the Slovak Republic how to support its education programme in South Sudan as the Slovak Republic withdraws. The Czech Republic is also a contributor to international trust funds, for example, the EU Africa Trust Fund (USD 0.83 million) and the EU Regional Trust Fund in Response to the Syrian Crisis (USD 5.59 million).

Box 5.1: Delivering development during conflict: Experiences in Afghanistan's Logar province

In 2008, as part of the International Security Assistance Force coalition, the Czech Republic took responsibility for the Provincial Reconstruction Team (PRT) of Logar province. The Czech civilian team had 12 construction engineers, agricultural, security and media experts, and was one of the PRTs with the largest civilian presence. Over the next five years the PRT implemented 138 reconstruction and development projects and 107 quick impact projects. Yet attacks on PRT projects were regular and most development projects have now ceased. In 2016, the province has been ranked as the eighth most insecure in Afghanistan – humanitarian needs are assessed as severe. Current Czech interventions in Afghanistan are no longer located in Logar province, mainly for security reasons.

Source: OCHA (2015), 2016 Humanitarian Response Plan, https://docs.unocha.org/sites/dms/Afghanistan/afg_2016_hrp_final_20160107.pdf; MFA (2013), “The Afghan mission of Czech PRT in Logar is over after five years”, http://afghanistan.mzv.cz/prtlogar/en/news/the_afghan_mission_of_czech_prt_in_logar.html, Ministry of Defence (2013), “ISAF PRT”, www.army.cz/scripts/detail.php?id=87800.

Use of multilateral channels eases the burden on partner governments

The Czech Republic has no specific delivery mechanisms for fragile states. However, it pays attention to the aid effectiveness principles. Development and humanitarian funds are mainly delivered through multilateral channels, allowing its aid to fit into international state-building strategies, in particular within the EC policy framework. In countries where human and management resources are often under strain, this avoids multiple country strategies and helps the partner country or territory government to better manage the flow of development co-operation resources.

Notes

1. In 2011, fragile states or territories such as Afghanistan, Bosnia & Herzegovina, Ethiopia, the West Bank and Gaza Strip were amongst the Czech Republic's top 10 ODA recipients (a total of USD 19.63 million). In 2014, Afghanistan, Bosnia & Herzegovina, Ethiopia, Kosovo, Syria and Ukraine were amongst its top 10 recipients of ODA (a total of USD 25.5 million) (MFA, 2014).

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