



## Czech Official Development Assistance in 2010

Executive Summary of a Shadow Report of Non-Governmental Organizations associated in FoRS – the Czech Forum for Development Cooperation, Prague, 2011



The „Official Development Assistance in 2010” report is an informal view of non-governmental non-profit organizations associated to the Czech Forum for Development Cooperation – FoRS about the main changes in the set-up and implementation of the Czech Official Development Assistance (ODA).

For the Czech ODA, 2010 was significant not only from the point of view of fulfilling the Millennium Development Goals and commitments related to the aid quantity, but also in other aspects. Fifteen years ago, the official development cooperation was renewed and in 2010 the institutional transformation of the ODA system was culminated by the adoption of the Act on Development Cooperation and Humanitarian Aid.

### Finalized transformation of the Czech ODA

It is precisely the transformation of the Czech ODA that can undoubtedly be considered as a successful step towards increased ODA effectiveness. At present, ODA coordination is under the competence of the Ministry of Foreign Affairs (MFA), while the Czech Development Agency (CZDA) is responsible for ODA management. The Council on International Development Cooperation (Council on ODA) represents a unique space for regular consultations about strategic management of the ODA. It includes the ministerial level, the CZDA, the entrepreneur’s platform, the platform of NGOs and the Association of Regions. In 2010, the Council on ODA finalized and the government approved the Development Cooperation Strategy of the Czech Republic for 2010-2017, which identifies new territorial and sector priorities. The MFA renewed project evaluations that provide recommendations for further programming of the Czech ODA. At the turn of 2011, the preparation of new programmes for priority countries started and

the methodology of the project cycle for bilateral development projects was reviewed.

It is still too early to make a solid assessment of the functioning of the ODA institutional set-up. Nevertheless, certain manifestations of the lack of effectiveness in the division of competences within MFA departments (especially Development Cooperation and Humanitarian Aid Dpt., EU Policies Dpt. and Dpt. for Human Rights and Transformation Policy) can be tracked. This is manifested, for example, in the preparation of the positions of the Czech Republic on the EU development policy as well as in certain „double-track” while setting the territorial priorities of the Czech ODA. The Council on ODA performs its function at a strategic planning level; however, it lags behind in fulfilling its role related to policy coherence for development agenda. A continuous problem is insufficient personnel capacity at diplomatic missions in the area of development cooperation, and a lack of CZDA permanent representatives in the programme countries.

### The Czech ODA in 2010

**The volume of the ODA in 2010 reached 4.34 billion CZK.** The ratio of development cooperation to gross national income (GNI) increased to almost **0.13%**; nevertheless, this was caused by a simultaneous decrease in GNI growth and a significant increase in multilateral aid. Three quarters of the multilateral aid are composed of obligatory contributions to the EU budget dedicated to development cooperation. With 1.514 billion CZK in 2010, bilateral cooperation reached its lowest absolute volume in the last four years. It is exactly in connection with a growing volume of multilateral cooperation (reaching 2.828 billion CZK in 2010, i.e. 65% of the total ODA volume) where an urgent **need to elaborate and put in practice a multilateral cooperation strategy** appears, which would establish the goals of the Czech

development cooperation within international organizations. The effectiveness of multilateral cooperation and contributions to international institutions including the EU should be regularly evaluated, primarily according to the impact of a given international organization on poverty reduction in the world and on addressing other development problems.

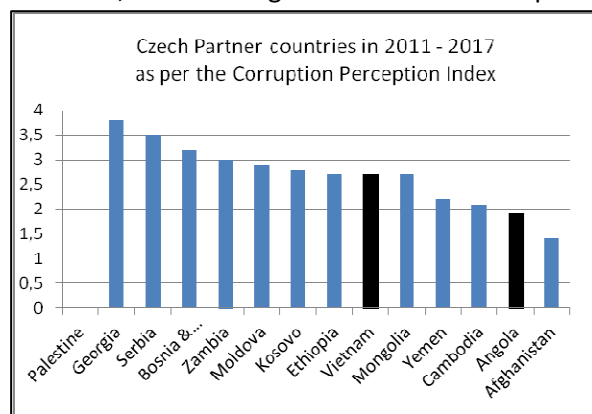
In the field of bilateral cooperation, the Czech Republic makes no secret of supporting **commercial connection of Czech ODA activities**, which is understandable from a purely economic point of view. Nevertheless, such support should rather be one of secondary (and thus not intended) outcomes of development cooperation, given the fact that the primary goal of the ODA in line with the Act and the Development Cooperation Strategy is eradication of poverty in the world. Ensuring the highest possible effectiveness of development cooperation and positive impacts in partner countries is also important for Czech tax payers. The Czech Republic should opt for other means than development cooperation to support (its) commercial interests.

The **budget support** became a new ODA instrument in 2010. In this same year, the Czech Republic provided 7 million CZK of general budget support to Mongolia and 8 million CZK of sector budget support to Afghanistan. The provision of budget support by donor countries is generally led by their efforts to transfer the set-up of priorities and implementation of development activities to partner countries. On the other hand, the selection of countries eligible for budget support should be based on the criteria for good government and on the state of corruption in that given country. However, according to the Corruption

Perceptions Index annually published by Transparency International, Afghanistan occupies only 176th place out of the total number of 178 assessed countries, and it ranks among states with the highest rate of corruption in the world. Mongolia is in 116th place. Good government is defined by the current Development Cooperation Strategy as a cross-cutting issue when selecting partner countries. It can be thus concluded that these countries should be provided with other types of development cooperation within the Czech ODA rather than budget support.

Approximately 25 % of the Czech bilateral ODA in 2010 (i.e. approx. 8% of the total volume of Czech ODA) was made up by the so called **inflated aid**, which is represented mainly by the costs of scholarships for students from developing countries, assistance to refugees in the Czech Republic and debt relief. On a long-term basis, non-governmental non-profit organizations have been adverting on the fact that these forms of assistance do not bring any new financial resources to vulnerable communities in developing countries and that their impact to addressing development problems has been mainly indirect, if not disputable. That is why NGOs promote the idea that donor countries should not include these items in the ODA statistics submitted to DAC/OECD, but should instead increase resources for other forms of ODA, mainly bilateral projects.

A more detailed look at **ODA territorial and sector focus** makes it obvious that the Czech Republic has not been able to reach the goal of more concentrated ODA, which could contribute to a more effective Czech ODA and to its increased impact. The number of partner countries in the period 2011–2017 remains at 14 (compared to the period 2006–2010) despite the changes realized regarding territorial priorities<sup>1</sup>. An insight into the ODA **sector breakdown in 2010** shows that there was not such reduction in the number of Czech ODA sectors that was agreed by EU states in the framework of



<sup>1</sup> It is the sum of the so-called priority programme, priority project partner countries, mid-term priorities (within the programming period 2006-2010), and phase-out countries (within the programming period 2011-2017).

coordination and harmonization of their development cooperation programmes. In addition, the MFA modified the methodology of sector breakdown. While in the Development Cooperation Strategy the sectors are classified in line with the previous methodology, the MFA currently has proceeded to use the classification based on OECD recommendations. Though it could be deduced, while comparing the number of sectors, that the MFA has been successful in decreasing the number of sectors from 7 in the previous programming period to 5 in the period 2011-2017, this number corresponds to 11 sectors according to the OECD.

Priority sectors according the Development Cooperation Strategy of the Czech Republic 2002-2007	Priority sectors according the Development Cooperation Strategy of the Czech Republic 2010-2017	The same priority sectors translated as per the DAC / OECD terminology
Environment	Environment	Water supply and sanitation General environmental protection Disaster prevention and preparedness
Social development	Social development (including education, social and health care system)	Education
Education		Health
Health care		Other social infrastructure and services
Migration and Good governance	Support of democracy, human rights and social transformation	Government and Civil Society
Economic infrastructure	Economic development	Energy generation and supply Business and other services Industry, mineral resources and construction
Agriculture	Agriculture	Agriculture, forestry and fishing
<i>Total: 7</i>	<i>Total: 5</i>	<i>Total: 11</i>

## Transparency of Czech ODA

The transparency of the Czech ODA system has been considerably improved thanks to the transformation, both at the policy and programming, and the project level<sup>2</sup>. The concentration of ODA coordination under the MFA, the existence of a consultation space within the Council on ODA and the transfer of implementation to the CZDA have also benefited the ODA transparency. Firstly, the existence of a new CZDA website ([www.czda.cz](http://www.czda.cz)) and provision of information about ongoing and finalized projects should be highlighted. These aspects also contributed to the fact that the Czech Republic ranked sixth in a comparison made with other EU countries in an assessment within the AidWatch report of the European confederation CONCORD. Notwithstanding, it is necessary to continue improving ODA transparency.

At the policy and programming level, this mainly means to ensure a higher engagement of partner countries in the entire process of preparation of key documents so that the Czech ODA programming documents reflect their own priorities. This is connected with a timely translation of all documents to a language understandable by the partner country, ensuring the participation of all relevant partners in negotiations and the provision of single and comprehensive information provided by the CZDA and diplomatic missions on the procedure of topic identification and selection.

In addition, at the project level there is a lack of timely provision of information about the grant plan provided by the CZDA. In 2011 the CZDA started to provide some information about their project proposals to grant solicitants – i.e. results based on the single criteria. Some further information is however still missing, such as the reasons leading to the decision to refuse a proposal. The planned calls for proposals and tenders are not sufficiently published in time by the CZDA. In 2010, the MFA department for

<sup>2</sup> For the purpose of this report, the assessment of transparency at the policy and programming level included the preparation and publication of Czech ODA strategic documents and programmes of cooperation with partner countries, annual plans and mid-term plans. The project level focused on publication of information on single types of projects.

development cooperation significantly improved the statistical reporting of ODA based on the OECD methodology, especially by including multilateral cooperation. However, it is still not clear what modalities of bilateral cooperation are used by the MFA for reporting to the OECD and based on what methodology and how it is possible to apply this statistic to the Information on the ODA for the Czech government. Finally, transparency would also be strengthened by the publication of all data related to evaluations of ODA projects – not only the final reports and the recommendations based on their outcomes, but also the method of inclusion of these outcomes in the project cycle and management of ODA.

### Recommendations

Based on analyses and conclusions included in this report, FoRS presents the following recommendations.

To the Ministry of Foreign Affairs:

- In cooperation with the main ODA stakeholders to create and present a strategy of multilateral aid for governmental approval, which would include the establishment of the goals of the Czech Republic within international organizations and of indicators of impact of development cooperation realized through a given organization.
- To strive to stop decreasing the volume of financial resources designated for bilateral cooperation and decreasing its ratio to the total volume of the Czech ODA. To continue increasing the Czech ODA concentration and its impacts according to the territorial and sector priorities. (E. g. to restrict scholarship support to students from non priority developing countries).
- To continue the positive trend in improving statistical reporting on Czech ODA, harmonize the methodology of statistical reporting according to DAC OECD

methodologies also for the area of bilateral cooperation and clarify how the statistics about the Czech ODA provided to the DAC OECD could be applied to the Information on ODA and at the same time to the Plan of the ODA and the Mid-Term Plan.

- To promote the accession of the Czech Republic to the standards of the International Aid Transparency Initiative (IATI) and take practical steps towards the publication of information on ODA according to the IATI standards.
- To improve engagement of partner countries in the entire process of the preparation of the key documents of the Czech ODA and in all phases of the project cycle, including translation of all documents into the language understandable in the partner country, ensuring the participation of partners in negotiations and provision of unified information.
- To clarify the proceedings that shall be followed by diplomatic missions when publishing information on the collection of concepts for bilateral projects and small local projects including the evaluation criteria according to which these concepts are to be assessed.

Towards the Czech Development Agency:

- To improve information on grant and procurement plans before the beginning of a given year and to continue improving the provision of the feedback to the solicitants. To improve the publication of information according to the IATI standards, which means to publish on CZDA website, for example, a single and comprehensible database of all ongoing and finalized projects classified according to countries and sectors; the organization structure of the CZDA including all contacts to the employees and the area of their responsibility; and at least the basic project logic of projects.



FoRS – The Czech Forum for Development Cooperation – is a platform of 57 non-profit non-governmental organisations and other non-state institutions concerned with development cooperation, development education and humanitarian aid.

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