2009:2 Managing Aid Exit and Transformation

Sida Evaluation Newsletter

Participation key factor for successful phasing out

No two exit processes are alike. Therefore, it is important to avoid applying general models or standardised time schedules in exit or transformation of development cooperation. This is the overall message in an international joint evaluation of 14 exit and transformation processes in Botswana, Eritrea, India, Malawi and South Africa. However, even if each phasing out process is unique, there are a number of general factors that should always be taken in account in order for the phase out to be as successful as possible.

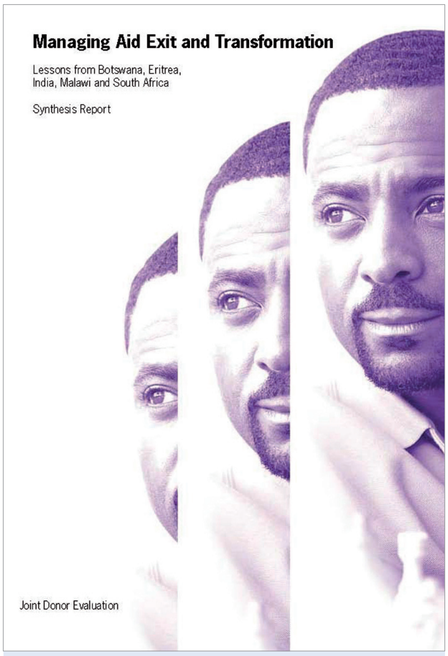
The evaluation shows as an example that it is very important how the exit decision is communicated between donors and the partner country. The decision made by the donor is often one-sided, without previous negotiation or communication with the partner. They are then usually mediated by government employees stationed in the countries in question. The evaluation asserts that this procedure illustrates and strengthens the unbalance of power that exists between donor and recipient. It is therefore highlighted that the Paris declaration's principles on predictability and mutual accountability oblige the donor to inform the partner country in good time about a possible phase out. It is also recommended that the exit decision is communicated at the highest possible political level.

The evaluation further emphasises that there is clear evidence that the participation and involvement of the partner country's stakeholders are key factors in a successful exit. It is therefore recommended, that the stakeholders of the phase out establish a clear plan for both how the exit shall take place and how it shall be communicated during the course of the process. Such a plan, the evaluators argue, establishes a more businesslike and equal relationship between the parties.

If communication is to be maintained at a proper level throughout the entire process, it is of crucial importance that the donor assigns enough personnel at the embassy in question. It is observed that the donors are often deficient on this point, since they wish to redistribute their resources much too quickly. In countries where the donors wish to establish new forms of cooperation such as broader or broad-based cooperation, the personnel are expected to work more with the phasing in of new forms of cooperation than phasing out of the old ones. In countries where the donors are phasing out completely the tendency is to all too quickly reduce the number of Swedish staff and give notice to local personnel. In certain cases the embassies are closed before the phase out is finished, which has a very harmful effect on the exit process.

Building capacity during phase out

One of the most important questions to consider during the phase out is how the development cooperation's results will become sustainable. The evaluation calls attention to two factors that, even if they are seldom heeded, are especially important in this context. Firstly, it is extremely important to analyse at an early stage which form of institutional capacity building is required for the partner country to be able to administer and further develop projects and programmes. Resources should then be appropriated to build the necessary capacity. This requires, secondly, for the donors to be flexible: they must both be prepared to appoint extra personnel and financial



Managing Aid Exit and Transformation.
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(Joint Donor Evaluation)

Recommendations

1. Inform the partner countries on exit plans at a timely stage and at the highest political level possible.
2. Stimulate involvement and participation throughout the entire phase out process.
3. Maintain or strengthen field presence during the phase out period.
4. Analyse which and support the institutional capacity building which is required in order for the partner countries to be able to administer and further develop projects and programmes.
5. Be flexible.

resources to build the capacity that is needed, and to adjust their time schedule for the exit depending on how quickly the recipient develops its capability to take over projects and programmers. In certain countries, such as India and South Africa, such a takeover can occur rather quickly and painlessly. In other countries, where the capacity is lower and aid dependence greater, such processes are significantly more difficult.

Therefore, it is important to be realistic in the exit planning, and not proceed from the idea that exiting takes as long a time in all types of countries.

Because exit, especially from aid dependent countries, often has great consequences, the evaluation is concluded with the question on how development cooperation can strategically be developed in order to minimise the risk of difficult exits. In this context the donors are requested to specifically consider the following three questions:

- Aid is primarily given to unstable countries with a weak and often corrupt administration. If a decision of aid exit is made for political reasons the risk is therefore great that the aid dependent countries are punished, which in turn has the effect that the weakest people in these societies will suffer greatly. The question is therefore to what extent the donors should be coupling aid and foreign policy concerns in their choice of partner countries.

- The evaluation found that sector budget support makes partner countries especially vulnerable to exit of large donors. The question is therefore if the donors sufficiently consider the exit problem when they choose aid modalities.

- The increased concentration of aid contributes to making the partner countries vulnerable when large donors exit. For example, entire sectors of the state administration may in such cases be greatly affected. The question is therefore if donors sufficiently consider exit while concentrating their aid programmes.

Donors should avoid applying general models or standardised time schedules while managing aid exit and transformation. However, the following general guidelines are still applicable in accordance with the evaluation:

1. Inform the partner countries on exit plans at a timely stage and at the highest political level possible.

2. Stimulate involvement and participation throughout the entire phase out process.

3. Maintain or strengthen field presence during the phase out period.

4. Analyse which and support the institutional capacity building which is required in order for the partner countries to be able to administer and further develop projects and programmes.

5. Be flexible.

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