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**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

Peer Review

Management Response to the 2023 Peer Review of Czechia

The management response is submitted by Czechia in response to the 2023 Peer Review of Czechia.

This document has been prepared by Czechia, which is solely responsible for its content.

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Ministry of Foreign Affairs
of the Czech Republic

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Petr Gandalovič
Director

Prague, 2 April 2024

No.: 108054-1/2024-MZV/ORS

Dear Mr. Malhotra,

I am pleased to submit the Management Response of the Czech Republic to the 2023 Development Assistance Committee (DAC) Peer Review recommendations.

Upon careful examination of the Peer Review findings, we have put together a comprehensive response for each recommendation, demonstrating our steadfast commitment to continuous enhancement. This document elaborates on the specific initiatives we are undertaking and will continue to implement to improve the identified areas of our development cooperation.

We value the DAC's role in guiding our efforts and are grateful for your attention and support in these endeavours.

Yours sincerely,

Enclosure:

- Management Response to the DAC's Peer Review Recommendations for Czechia

Mr. Rahul MALHOTRA
Head of Division, RPDI
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Management Response to the DAC's Peer Review Recommendations for Czechia

1 Introduction

The 2023 OECD's Development Assistance Committee (DAC) peer review of the Czech Republic was launched and published on 2 November 2023. It provided ten key recommendations across three areas: strengthening the institutional setup, improving bilateral programming for development effectiveness, and better leveraging partnerships with civil society organizations and private sector.

In line with the DAC Peer Review Methodology, the Ministry of Foreign Affairs of the Czech Republic herein presents its management response. The Ministry acknowledges the recommendations rendered by the 2023 DAC Peer Review and appreciates the thorough analysis and constructive feedback aimed at enhancing the effectiveness and impact of Czech development co-operation. The management response delineates the intended follow-up actions to address those recommendations.

2 Management Response

2.1 Strengthening the institutional set-up so it is fit for purpose

2.1.1 Recommendation 1

Czechia should continue to focus its development co-operation to better reflect strategic priorities in its allocations and to provide a clear basis for communicating the added value of Czech development co-operation to the public and parliament.

2.1.2 Response to Recommendation

Accepted: Yes

Action: The Ministry is revisiting its thematic and geographic focus to align with Czech and global development objectives. This strategic refinement is being undertaken through the mid-term review of the Development Co-operation Strategy of the Czech Republic 2018–2030, due on 30 June 2024, and new bilateral development co-operation programmes for 2024-2030 with partner countries Cambodia, Ethiopia, Zambia, Bosnia and Herzegovina, Georgia, and Moldova. The Ministry has also taken steps to enhance the basis for communicating the added value of Czech development co-operation, by launching the “Czechia helps” brand with many communication events, including the inaugural Czech Development Day, scheduled for 25 April 2024. This event will serve as a pivotal communication platform for Czech stakeholders (public, private, civil, academic) with the Czech public and Czech Parliament, showcasing the impact and strategic importance of Czech development efforts. The Ministry aims to leverage this significant event to enhance transparency, understanding, and support for development initiatives.



Timeline: The strategic mid-term review shall be presented to the Government before 30 June 2024. The finalization of the new programmes is expected in the first half of 2024, with bilateral MoUs or agreements conducted not later than in the second half of 2024. This will provide a renewed basis for Czech development co-operation, enabling better alignment with strategic priorities, coherence between various stakeholders and programmes, as well as effective communication of its value and impact. The Czech Development Day will be held annually starting from 25 April 2024, with ongoing efforts to enhance its effectiveness as a communication tool in subsequent years.

2.1.3 Recommendation 2

Capitalising on having met its national commitment of 0.33% of GNI as ODA in 2022, Czechia should agree on a long-term plan to maintain the ODA/GNI ratio at least at the level of the national target.

2.1.4 Response to Recommendation

Accepted: Partially

Action: Acknowledging the Ministry of Finance's lead on budgetary issues and the current economic and social constraints in Czechia and Europe, which prevent a stable and predictable increase in ODA funding, the Ministry commits to continue with efforts to gradually increase the value for money and overall efficiency of the Czech ODA, eliminating legislative barriers that hinder multi-year financing of Czech development co-operation, and continuing the advocacy for long-term planning of the overall ODA. While keeping the results from 2022 is unlikely due to its nature (in-donor refugee cost related to refugees from Ukraine and low GNI increase due to the impacts of the war in Ukraine), the Ministry will focus on ensuring the ODA/GNI ratio converges to the national target through improved strategic financial planning in all relevant areas (humanitarian assistance, development and transition co-operation, climate and environment, migration).

Timeline: Ongoing efforts include using annual financial planning for development co-operation as well as the annual national budget process in the Government and Parliament. Starting in 2024, the Ministry will work on legislative improvements, aiming to create a more adaptable and robust framework for enhanced ODA effectiveness and efficiency.

2.1.5 Recommendation 3

Czechia should re-assess its institutional set-up and the functioning of an agency within it, including by:

- a. addressing constraints being faced by the Czech development agency (CzDA) in terms of number of staff and country presence and their implications for the institutional set-up
- b. delegating more authority to Czechia's in-country representation
- c. building mechanisms to ensure that investments in EU delegated co-operation reinforce Czech bilateral development co-operation.

2.1.6 Response to Recommendation

Accepted: Yes



Action: The Ministry is already implementing mechanisms to ensure that investments in EU delegated co-operation are being effectively utilized, recognizing this as a priority for enhancing the Czech Development Agency (CzDA)'s presence in developing countries. The reassessment of the institutional setup will address financial and legislative barriers to empower CzDA further. This includes a strategic focus on increasing its authority and presence, especially in priority countries, while ensuring that EU investments complement and reinforce Czech bilateral development efforts.

Timeline: Ongoing implementation of EU co-operation mechanisms will continue. The process of addressing the financial and legislative aspects has been restarted in 2024, with targeted enhancements to be progressively implemented through 2025 and beyond, aiming to strengthen the institutional presence and effectiveness of Czech bilateral development co-operation.

2.1.7 Recommendation 4

Czechia should continue strengthening human resource capacities within the Ministry of Foreign Affairs and CzDA, including by investing in training programmes accessible to all staff, and optimising the balance between administrative and specialist skills, including by making use of external expertise when relevant.

2.1.8 Response to Recommendation

Accepted: Yes

Action: The Ministry and CzDA will continue to strengthen human resource capacities by investing in comprehensive training programmes accessible to its staff. These programmes will focus on enhancing both administrative and specialist skills, maintaining an optimal balance between the two. The internal compulsory annual capacity building plans will be used as a planning tool for individual staff. Relevant EU and OECD tools and programmes will be utilized, with priority in the area of financial instruments, innovation, digitalization, results-based monitoring, and evaluation. Furthermore, the Ministry will consider engaging external expertise to complement in-house capabilities and to provide specialized knowledge and skills where necessary.

Timeline: Regular HQ-Missions meetings have been introduced in 2023/24, and impulses gained there are regularly used. Initiation of enhanced training programmes and exploration of external expertise collaboration will commence in 2024, with continuous implementation and evaluation to ensure ongoing skill development and organizational capacity strengthening.

2.2 Improving bilateral programming for development effectiveness

2.2.1 Recommendation 5

Czechia should pursue its efforts to develop a more programmatic approach by developing country strategies that encompass all Czech instruments across



government, identifying a limited number of long-term results it expects to achieve in each country, and by investing in strategic planning.

2.2.2 Response to Recommendation

Accepted: Yes

Action: The Ministry is committed to developing a more programmatic approach in its development co-operation, using the new development co-operation programmes for 2024-2030 as the main vehicle. These programmes, focusing on Cambodia, Ethiopia, Zambia, Bosnia and Herzegovina, Georgia, and Moldova, will encompass all Czech government instruments as well as EU and multilateral programmes, and aim to achieve a limited number of long-term results in each country. This effort will be supported by investing in strategic planning to ensure coherence and effectiveness.

Timeline: The new development co-operation programmes are being finalized and will be implemented from the second half of 2024.

2.2.3 Recommendation 6

Czechia should invest time and resources in defining robust country-level baselines and targets that can be monitored and used for decision making and communication to improve delivery of the bilateral programme.

2.2.4 Response to Recommendation

Accepted: Yes

Action: The Ministry is dedicated to enhancing the effectiveness of its bilateral development programme by investing in the definition of robust country-level baselines and targets. These will be developed for each country programme, particularly focusing on those outlined in the new development co-operation programmes for 2024-2030. These baselines and targets will serve as a foundation for improved monitoring, decision-making, and communication, ensuring that the impacts of development efforts are effectively captured and conveyed. External expertise has been utilized for the development of results frameworks, including baselines and indicators, aligned with the respective national development plans, for the new development co-operation programmes.

Timeline: The process of establishing these country-level baselines and targets will align with the timeline of the new development co-operation programmes, expected to be finalized and begin implementation in the second half of 2024.

2.2.5 Recommendation 7

To strengthen the quality of its development co-operation, Czechia should bridge the gap between policy and implementation by:

- a. *ensuring that all country strategies and development projects explicitly address poverty and/or inequality*



- b. continuing to strengthen capacity in headquarters and use guidance to systematically consider good governance; human rights, including gender equality; and protection of the environment and climate.*

2.2.6 Response to Recommendation

Accepted: Yes

Action: To enhance the quality of its development co-operation, the Ministry will ensure that its country strategies and development projects explicitly address poverty and inequality. This will include integrating considerations of good governance, human rights (including gender equality), and environmental and climate protection systematically. Strengthening capacity at the headquarters and employing guidance are key to ensuring these aspects are consistently considered and implemented across all development activities.

Timeline: A cross-cutting methodology and guidance have been developed in 2023/24. Its implementation will be regularly reviewed. The recommended measures have been implemented into the new development co-operation programmes. The Council for Development Co-operation will be tasked with ongoing systematic consideration of these key aspects in development co-operation.

2.3 Better leveraging partnerships with local and Czech CSOs and private sector

2.3.1 Recommendation 8

To select the most relevant partners to achieve development objectives, Czechia should continue to make progress in untying its development co-operation across all instruments and reduce obstacles to partnering with non-Czech entities, especially local ones.

2.3.2 Response to Recommendation

Accepted: Partially

Action: The Ministry commits to further untying Czech development co-operation and reducing obstacles for partnering with non-Czech, especially local, entities to effectively achieve development objectives. Localisation has been a long-term priority in humanitarian assistance, and its lessons will be utilized for development instruments as well. Partnerships between Czech and local stakeholders from public, private, civil, and academic sectors will be further enhanced, and funding of relevant instruments prioritized. This includes reviewing and amending restrictive policies and practices, aiming to create a more inclusive and effective partnership landscape.

Timeline: In 2024, the share of local partners is increasing in the Assistance programme for Ukraine and in the Capacity and partnership programme for public universities in developing countries. Other progressive actions for untying aid and facilitating broader partnerships will continue in 2024 and beyond.



2.3.3 Recommendation 9

Czechia should identify ways to provide multi-year funding, building on the work of the multi-annual financing task force and experience with humanitarian support, and to streamline procedures for multi-year projects.

2.3.4 Response to Recommendation

Accepted: Yes

Action: Considering the financial and legislative constraints noted in response to Recommendation 2, the Ministry acknowledges the challenges in providing multi-year funding but remains committed to enhancing its approach. The Ministry participates actively in the government-led consideration of multi-year financing options, and positive results can be expected soon.

Timeline: Efforts to implement and integrate multi-year funding strategies with legislative improvements are planned to commence in 2024, aiming for more effective financial planning and project execution alignment.

2.3.5 Recommendation 10

To increase the impact of its private sector engagement, Czechia should:

- a. strengthen the development focus of Business-to-Business (B2B) grants and create synergies between B2B grants and the National Development Bank (NDB) guarantee instrument*
- b. mobilise private sector financing through the guarantee managed by NDB, including by increasing outreach to private sector actors, including those in partner countries*
- c. build specific development expertise within NDB for development co-operation.*

2.3.6 Response to Recommendation

Accepted: Yes

Action: In November 2023, the Czech government decided to integrate the Czech Export Bank (ČEB) and the National Development Bank (NDB), with a new law being prepared for NDB that will include principles for using financial instruments in Czech development co-operation. This legislative foundation will strengthen the development focus of B2B programmes and create synergies with NDB's guarantee instruments. Efforts are underway to mobilize private sector financing, including enhanced outreach and the launch of a preferential loan programme for municipalities in partner countries. Additionally, the involvement of NDB in the EU Facility for Ukraine is being promoted, including capacity-building measures.

Timeline: The integration of these new elements into Czech development co-operation will progress in 2024, enhancing the impact of private sector engagement and building specific development expertise within NDB.



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3 Conclusion

The Ministry is committed to taking decisive actions in response to the DAC Peer Review recommendations. These steps can significantly strengthen the impact and effectiveness of Czech development co-operation, and the engagement with Czech partners, stakeholders, and the DAC on this journey towards enhanced development outcomes.