



EXIT PROCESSES IN DEVELOPMENT COOPERATION

Synthesis study

*Executive Summary
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EXECUTIVE SUMMARY

Background

The starting point of the synthesis study “Exit processes in development cooperation” is the latest reform process by the Federal Ministry for Economic Cooperation and Development (BMZ), “BMZ 2030”. The aim of this reform process is to increase the coherence and efficiency of German bilateral official development cooperation through, among other things, geographical, thematic or instrumental concentration processes.ⁱ

Since as early as the beginning of the 2000s, many international donors – including Germany – have increasingly been initiating concentration processes to focus their bilateral official development cooperation.^{1 ii} In many cases, what these concentration processes have in common is their connection to the effectiveness agenda and to the associated division of labour amongst donors.ⁱⁱⁱ However, in contrast to the BMZ 2030 process, the efforts towards concentration were often preceded by cuts in the budget for development cooperation.

Concentration processes generally entail a process of withdrawal or phasing out, referred to in this report as an *exit*, in other areas of development cooperation. When selecting the specific countries, sectors and instruments in which development cooperation is to be ended, donors can also apply reasons that make the selection decision for an exit easier independent of the respective concentration efforts. Examples of such reasons include the (foreseeable) graduation² of the partner country^{iv} or cooperation that is already strained due to poor governance, human rights violations or corruption.^v A lack of impacts in a sector or when using specific instruments because the local actors have failed to get involved can also be motives that favour an exit. In these cases, the exit simultaneously offers opportunities to strengthen development policy engagement in areas that promise greater effectiveness or to increase support for partner countries that distinguish themselves through good governance.

In addition to this effectiveness potential, an exit can also involve negative consequences for the countries, sectors or instruments in question^{vi} regardless of the selection criteria. For one thing, intended impacts may not be achieved or previously achieved impacts may be weakened. This holds particularly true for countries that are strongly dependent on development cooperation. An early end to the cooperation can lead to a collapse in funding if no alternative funding models are available.^{vii} Another factor is that the partnership between the donor and partner country may be damaged (further). In serious cases, donors may find that their reputation as a reliable partner is damaged^{viii} or communication at government level may become considerably more difficult.

Due to the opportunities and risks that an exit process brings with it, such processes are often the subject of controversial debate in the political arena and amongst a broader expert audience.^{ix} As well as the potential opportunities, the possible risks of an exit process in bilateral official development cooperation are becoming increasingly important in light of the fact that strategic realignments in the donor countries mean more and more countries are affected by the withdrawal of further donors.^x This synthesis study therefore examines what should be considered in the course of exit processes in bilateral official development cooperation in order to design an exit process in the best possible way with a view to the sustainability of impacts and the continuation of partnerships between the donor and (former) partner country.

¹ In the following, footnotes are denoted with Arabic numerals and located at the end of the page in question. All sources, on the other hand, are specified as endnotes with Roman numerals and located at the end of the report (see Section 8.13).

² Graduated economies or states refer to those countries that the DAC of the OECD no longer views as eligible to receive ODA funds because they have exceeded the high income threshold for three consecutive years (OECD DAC, 2020a; also refer to Calleja and Prizzon, 2019a, p. 7; Krempin, 2019, p. 30; Sedemund, 2014, p. 2).

Object of the study, objectives and questions

Object of the study

In line with the BMZ 2030 reform process, the object of the synthesis study relates to donor-initiated exit processes in bilateral official development cooperation at country, sector and instrument level. Here, a *geographical exit* is understood to mean the complete withdrawal of a donor from bilateral official development cooperation in a partner country. A *sectoral or instrumental exit* refers to withdrawal from individual aspects of financial cooperation (FC) or technical cooperation (TC).

However, the exit processes described do not necessarily have to mean a reduction in the intensity of development cooperation. Even in the case of a geographical exit, further development-related engagement is still possible through non-governmental or multilateral cooperation, for example, while a sectoral or instrumental exit may even be overcompensated by strengthening the cooperation in other sectors or with other instruments.

Many exit processes take place under conditions in which a country is still dependent on development cooperation but a good exit process is nevertheless possible.^{xi} Such exit processes are the main focus of this study. In addition to this – as the opposite extreme – exit processes can also take place, for example, because of graduation or a crisis situation. Evidence of exit processes under such conditions is only provided here if it contributes to the knowledge interests outlined below. The same applies to evidence at the level of individual projects.

Objectives

The synthesis study systematically examines exit processes in bilateral official development cooperation with the objective of processing evidence and experiences to show how a good process can be designed. This study understands a “good” process to be one that contributes as far as possible to the sustainability of intended impacts and the continuation of partnerships and that limits negative impacts of the exit that could lead to worsening of the current situation (for example for the target groups). In detail, this means:

- Processing the evidence and experiences of German and international actors regarding an exit from fields of activity under bilateral official development cooperation and identifying gaps in the evidence
- Formulating conclusions and recommendations for German development cooperation with regard to a successful design of processes for withdrawing from bilateral official cooperation in the context of concentration processes on the donor side

The findings of the synthesis study are also intended to contribute to the international debate on exit processes in bilateral official development cooperation as well as to promote exchange between BMZ, the implementing organisations and other national and international actors from the development cooperation field. The target audience and users of the synthesis study are thus named, with BMZ being the main target audience. In addition, the results can be useful for numerous development policy actors. These include in particular the implementing organisations that can make a major contribution to the design of exit processes in bilateral official development cooperation, but also the broader German and international expert community, who are discussing concentration processes very attentively.

Questions

The synthesis study addressed the following key questions in order to achieve the described objectives:

1. What evidence is available regarding the design of exit processes in bilateral official development cooperation?
2. Where are there gaps in the evidence regarding the design of exit processes in bilateral official development cooperation?
3. Have (inter)national development cooperation actors or the respective target audiences implemented existing findings and recommendations regarding the design of exit processes? If not, what are the reasons for this?

The exit process was divided into three phases for the synthesis study:

- a) Preparation phase: This phase begins with the decision to execute an exit. The basis for the rest of the exit process is created during this phase. It ends with the announcement of the exit decision.
- b) Implementation phase: During this phase, the exit decision is implemented and the affected bilateral official development cooperation is brought to an end.
- c) Post-exit phase: During this phase, it becomes clear how successful the exit process is in terms of the sustainability of the intended impacts of the development cooperation and the continuation of the partnerships and whether the experiences gained are shared.

This time sequencing helped to concretise the key questions in the form of supplementary questions (Table 1).

Table 1 **Supplementary questions of the synthesis study**

Preparation phase	
Question 1	To what extent should exit processes in bilateral official development cooperation take place on the basis of strategies? <ul style="list-style-type: none"> • How can exit processes be developed or coordinated on the partner and donor side? • To what extent are the requirements/needs of the local actors as well as the dynamics in the partner country considered in this process?
Question 2	To what extent should stakeholders be included in the exit process in bilateral official development cooperation?
Question 3	In what way should the decision to exit bilateral official development cooperation be communicated? <ul style="list-style-type: none"> • When is a good time to announce an exit? • Who should communicate the decision to exit and to whom? • How should the decision be communicated? • What exactly should be communicated when a decision is made to exit?
Implementation phase	
Question 4	To what extent can other donors or different local actors take over the development policy activities?
Question 5	Which structures support the steering of the exit process or takeover of the development policy activities by partner actors ³ ? <ul style="list-style-type: none"> • To what extent is strengthening these structures efficient?

³ Local actors – also referred to as partner actors in the following – are people and groups of people that are relevant for the exit process and its execution. They vary depending on the exit process in question. For example, they could come from the governmental or non-governmental sector and be active at different levels, such as national or municipal (see Section 2.3.2).

Preparation phase	
	<ul style="list-style-type: none"> To what extent do partner actors have the capacity to maintain the impact of the development policy activities over time?
Post-exit phase	
Question 6	<p>To what extent can donors and responsible actors in the partner country contribute to ensuring that achieved or intended impacts are maintained despite the exit process in the bilateral official development cooperation of the withdrawing donor?</p> <ul style="list-style-type: none"> What can donors and partners do to ensure that these intended development policy impacts come to pass? What can donors and partners do to ensure that these impacts last?
Question 7	<p>To what extent can donors and responsible actors in the partner country contribute to ensuring that partnerships are maintained despite the exit process in the bilateral official development cooperation of the withdrawing donor?</p> <ul style="list-style-type: none"> What can donors and partners do to ensure that these partnerships are maintained?
Question 8	<p>How can lessons learned on exit processes in bilateral official cooperation be effectively recorded and shared, with whom and in which form?</p>

Methodological procedure

Various data-collection and analysis methods were used to achieve the objectives of the synthesis study. The previously described division of an exit process into phases proved helpful for analysing the generated data and thus for answering the outlined questions. During the course of this analysis, significant content-related challenges were revealed that arise while preparing and implementing an exit process. The presentation of the results uses these challenges for orientation.

Data-collection instruments

The findings of the synthesis study are primarily based on an extensive literature review supplemented with interviews with experts, an online survey among members of the Network on Development Evaluation (EvalNet) of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) and validation studies on exit processes in German bilateral official development cooperation.

Both academic documents and documents from development cooperation practice relating to exit processes were examined for the **literature review**. The objective was to deduce evidence and gaps in the evidence regarding the best possible way to design an exit process in bilateral official development cooperation. The time frame for the search for relevant literature was not restricted. The review included a total of 76 documents, the majority of which were empirical studies.

The objective of the **expert interviews** was to consolidate and supplement the findings from the literature review with interviews with development cooperation practitioners and theorists. The experts also referred to important documents for the synthesis study, which were then analysed in the literature review. Not all queries received a response, which should be viewed among other things in the context that the coronavirus pandemic was emerging during the data-collection phase, which led to different priorities. In the end, interviews took place with experts from five different institutions – the Danish International Development Agency (Danida), the Independent Commission for Aid Impact (ICAI), the Norwegian Agency for Development Cooperation (Norad), the Millennium Challenge Corporation (MCC) and the Overseas Development Institute (ODI).

The **online survey among the members of the DAC EvalNet** pursued several objectives. First of all, it aimed to find out about (as yet) unpublished documents on exit processes in bilateral official development cooperation. These documents were then included in the literature review. A further aim was to obtain

references to important contact persons for the synthesis study. Finally, the survey also asked about personal experiences with exit processes in bilateral official development cooperation. However, due to the low response rate it was not possible to carry out the desired analysis of donor experiences with exit processes.

The **validation studies** aimed to supplement the findings of the synthesis study with anecdotal evidence on exit processes in German bilateral official development cooperation. In the five countries chosen for the validation studies – Angola, Madagascar, Senegal, Thailand and Chad – 30 interviews were held with representatives of BMZ, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Kreditanstalt für Wiederaufbau – Entwicklungsbank (KfW), as well as an additional eleven interviews with partner actors in Senegal and Thailand to complement the experiences on the donor side with exit processes in bilateral official development cooperation.

Results triangulation and limitations

To conclude, the findings generated on the basis of the various data-collection instruments were triangulated. The goal was to achieve a higher validity of the results.

The individual data-collection instruments were subject to different limitations that were met in different ways. One of the greatest challenges for conducting the study was the coronavirus pandemic, which started at the beginning of the data-collection phase. Because the respondents had other understandable priorities it was not possible to conduct all the interviews – both with experts and in the context of the validation studies. The low level of participation in the DAC EvalNet survey can also be partially explained by the fact that the start of the survey coincided with the emergence of the coronavirus pandemic. To enable the interviews to take place nonetheless, the majority of the respondents were interviewed via video and phone. A local consultant was commissioned for the interviews in Senegal.

Quality of the literature used

To be able to make statements on the objectivity and informative value of the information gained during the data-collection process, it was important to determine the quality of the collected information and the available documents.

Literature review

Since increased discussion about exit processes in development cooperation has only occurred over the past few years, the documents included in the literature review are comparatively recent. Documents that can be attributed to academia are credited as displaying higher **objectivity** because, or so the assumption, the findings were determined using scientific standards. In the same way, studies published by independent evaluation units are considered to have a high degree of objectivity due to their mandate. The informative value of the results is assumed to suffer less from interest-led bias, which cannot be said of, for example, publications by non-governmental organisations. Based on this, more than half of the documents are considered to be sufficiently objective.

It is assumed that the results are more **informative** if more than one data-collection instrument is used in a study. This applies to more than two thirds of the documents. Of these, 25 are comparative case studies that consider more than one exit process. The results of these case studies are assumed to have a higher validity than studies that focus on singular cases.

Both the objectivity and the informative value of the documents that were included in the literature review are assessed as high. The synthesis study states when findings represent individual cases or appear to be interest-led.

Validation studies, expert interviews and DAC-EvalNet survey

Unlike with case studies, the findings of the individual **validation studies** are not representative; instead, they generated anecdotal evidence. It is therefore not possible to make generalisations based on these insights. As a result, they are only cited if they reinforce or supplement the results of the literature review or raise questions relating to them.

The **experts** surveyed as part of the synthesis study were selected for the interviews based on their expected theoretical or practical expertise on exit processes in bilateral official development cooperation. For this reason, the knowledge gained in this way is assumed to be highly reliable.

Thanks to the **DAC-EvalNet survey**, nine documents on exit processes in development cooperation could be added to the literature review. The quality of documents was addressed in the presentation of the evidence basis for the literature review.

Results

The study started with a general look at the heterogeneity of exit processes and what this means for their design. Next came a presentation of the evidence on fundamental topics or challenges during the preparation and implementation of exit processes in bilateral official development cooperation.

The literature often refers to exit processes at country level. Specifications for sectoral and instrumental exit processes were then performed in the synthesis study if the available evidence allowed this.

1. Heterogeneity of exit processes

There is evidence that the specific context in which an exit process takes place decisively influences its course and the options for action available to the involved actors. The literature cites a host of context factors that could influence the course of exit processes. In an initial generalisation, the literature distinguishes between exit processes in graduating countries and those that take place in countries that are more dependent on official development assistance (ODA). As it is said to be more difficult for the latter to establish alternative funding sources, there should be a focus on ensuring the sustainability of the achieved results and building capacities for taking over development policy activities. Furthermore, donors should be aware of their relative political and/or financial importance in the respective partner country or in individual sectors. Particularly when other donors are also planning an exit the effects of the withdrawal for the partner country and any potential financial compensation should be taken into account. In politically unstable situations, the literature adds that it is also important to design the timeline of the exit process flexibly and, if possible, develop different exit scenarios. Due to these differences, it is said to be difficult to create generally applicable measures for the implementation of exit processes.

The challenges, as well as the limitations, that are associated with building the capacities of partner actors or ensuring a flexible timeline when planning exit processes are not discussed in this context in the available literature. These are handled – at least in part – within the framework of preparing and implementing exit processes in bilateral official development cooperation.

2. Preparation: Planning and communication

During the course of the evaluation, it became clear that there are two main challenges during the preparation of an exit process that refer to planning and communication, particularly when it comes to announcing the exit decision.

2.1. Exit strategies and implementation plans

The literature emphasises the necessity of taking a planned approach to exit processes at the earliest possible stage, to ensure or promote the sustainability of initiated impacts. Generally, the importance of an exit strategy is emphasised, although the definition of the term “strategy” is often vague or non-existent. The synthesis study distinguishes between three degrees of concretisation: 1. an overarching exit strategy of one (usually donor) country, 2. strategies for a possible or actual exit process in a specific country, sector or instrument and 3. operationalisation of a specific strategy in the form of a plan for (implementation of) an upcoming exit.

By comparison, the literature outlines various core elements of exit strategies: the flexibility of exit processes; consideration of the country context and partner needs; ensuring that all agreements between the donor and partner actors are in writing; and finally ensuring sufficient time for the exit process. However, in practice both overarching and specific exit strategies are uncommon and if they do exist they are at most on the donor side (see question 1 on exit strategies). Furthermore, it appears that with a planned approach it is frequently

possible to anticipate fundamental difficulties in exit processes and, in the best case, avoid them. However, the literature rarely addresses the fact that it is still not possible to meet all challenges in the implementation of exit processes and that there are limits to the ability to plan – not least because exit processes are frequently also the object of political decision-making processes that take place at short notice.

2.2. Communication

The available evidence suggests that early and transparent communication is important if partnerships are to be maintained after an exit from bilateral official development cooperation. The data-collection sources state that in particular the announcement of the exit decision should take place at a “high political level”. However, there is no further concretisation so this probably needs to be decided based on the situation.

There is also evidence that stakeholders should be included in the exit process as early as possible in order to contribute to maintaining partnerships and the sustainability of the impacts. However, there is a lack of consensus about the extent to which the underlying motives for the exit should be openly communicated or general political or economic reasons should be brought up. In this context, it is stated that disclosing the motives could result in the eruption of discussions on the partner side regarding the legitimacy of these motives and, ultimately, of the exit decision itself. There are similarly inconsistent opinions in the literature regarding whether it makes sense to inform the partner actors about a potential exit before the final decision.

On the other hand, the data-collection sources agree that the local actors should receive an overview of the scope of the exit and how ongoing projects will be handled, and that they should be involved in planning the upcoming steps. This would allow them to adapt their own plans to the exit process.

The sources also emphasise that the involved stakeholders on both sides are not homogeneous groups. Their interests and respective value for the exit process may differ. It could therefore be useful to identify different stakeholder groups and their interest at the start of an exit.

There is little evidence available on the (in)formal conclusion of the exit. A concluding event could, according to the sources, help to consolidate the relationships if there are successes to celebrate (see questions 2 and 3 on the inclusion of stakeholders and communication of the exit decision).

3. Implementation: Handover options

When discussing the implementation of an exit process in bilateral official development cooperation, the available literature particularly addresses options for handing over the measures carried out within the framework of previous development policy engagement. On the other hand, hardly any of the literature discusses how a successful exit can be designed in the – often probably more relevant in practice – case that there is no realistic option for a handover to other donors or the partner actors themselves. Nevertheless, it is still possible to use the discussions on handover processes to learn how to design a good exit process – even if some aspects could be particularly relevant in advance or at the beginning of an exit process.

Two overarching aspects appear repeatedly in the literature on handover processes:

- Flexible timelines

The literature points out that flexible times lines are essential for a handover with the goal of increasing the sustainability of impacts.^{xii} To what extent flexible timelines actually help to achieve this can only be seen after a closer look at handover processes. This shows, among other things, that in practice agreements between actors require advance notice due to various challenges.^{xiii} However, there is no discussion of the fact that flexible timelines are not necessarily compatible with the administrative and, above all, budget-related processes in the donor country.

- Gradual handover to partner actors and other donors

The literature stipulates a gradual handover of the measures carried out during the course of the development policy engagement to date to the local actors and – if possible – other donors (in the former partner country). It points out that a step-by-step handover allows initial difficulties to be addressed with existing expertise. On the other hand, the literature does not discuss to what extent a handover that takes

this approach is compatible with both existing administrative structures and incentives on the donor and partner sides.

3.1. Handover to other donors

There is evidence that an early and flexibly scheduled handover to other donors of the measures carried out during the course of the development policy engagement to date contributes to the sustainability of impacts and is in line with the coordination among donors. However, in practice it is clear that both this and a handover to other actors is only rarely made possible. According to the data-collection sources, one challenge is the lack of coordination between donors and the heterogeneity of their development policy approaches and (sectoral) expertise. While a lack of coordination and (sectoral) expertise prevent a handover, the different alignments of development cooperation make it difficult for other donors to take over (see question 4 on the issue of handover to other donors and further actors).

The findings from the literature and validation studies indicate that a takeover by other donors of the development cooperation activities carried out so far can contribute to maintaining and strengthening the achieved impacts after the exit is completed. Whether and to what extent this is actually possible must be decided in the individual case. The donors' and partner actors' own interests may make a handover more difficult.

In addition, it can be assumed that a handover to other donors is less likely to be planned if the reason for the exit is difficult cooperation between the current donor and the partner actors. For one thing, such exit processes are usually accelerated, meaning there is no time for a handover, particularly to another donor. For another, it is possible that neither the donor nor the partner is interested in a handover due to the reasons for the exit.

3.2. Handover to partner actors

The data-collection sources state that motivation, capacities, resources and networking are key factors for a successful exit process. It is assumed that the motivation of the partner actors to take on the current labour is decisive for a successful handover. The sources add that networking of local actors has a positive but not essential effect on the sustainability of impacts – without discussing differences compared to the networking before the exit.

They also claim that strengthening capacities and resources is essential for a successful handover. Capacity building should take place at individual and institutional level in order to consolidate both the skills and the ownership of the partner actors. Such capacity building appears to be possible particularly in the case of exit processes in graduating countries. In addition, the sources only occasionally cite opportunity costs, referencing the fact that capacity building should be weighed up against the existing time, financial and human resources – especially if there are few or no capacities, as can often be the case in partner countries that are structurally weak or strongly dependent on development cooperation.

It also becomes clear that the fundamental discussion of the extent to which capacity building ought to have taken place before an exit is only happening on the sidelines. When it comes to the (financial) resources, the sources refer primarily to funding that is lost during the course of the exit process. Multilateral channels are mentioned as an example of alternative funding models to provide local actors with continuing financial support – if required – and close funding gaps. In the case of graduating countries in particular, the sources address the fact that trilateral cooperation could enable the existing partnership to be continued in a different form. Finally, it is stated that, when handing over to partner actors, an analysis of possible risks should always take place to ensure that initiated development dynamics are maintained even after the exit (see question 5 on takeover by local actors).

Conclusions and recommendations

Where are there gaps in the evidence regarding the design of exit processes in bilateral official development cooperation?

The in-depth analysis of national and international experience reveals first of all that, despite increased interest over the last ten and in particular the last five years, overall there has been little systematic and comprehensive examination of geographical, sectoral and instrumental exit processes in bilateral official development cooperation. Most of what has been written deals with individual cases. Studies that specifically address an exit from instruments are only available in exceptional cases, and the inclusion of partner perspectives, which is viewed as important, takes place equally rarely. All of this affects the available evidence and the discussion about exit processes in bilateral official development cooperation, and thus considerable knowledge gaps remain. For future studies, it would therefore make sense to look more closely at exit processes at the geographical, sectoral and in particular instrumental level. There also needs to be a greater attempt to include partner actors.

With regard to missing studies, we refer to the current coronavirus pandemic, which not only has health implications but also far-reaching consequences for a diverse range of areas, especially for countries' economies. Because the pandemic is currently ongoing, examinations of its effects on exit processes in bilateral official development cooperation are also outstanding. However, it can be assumed that the pandemic will have a decisive impact on the framework conditions of such exit processes and that it will be specifically addressed during the course of upcoming exit processes in bilateral official development cooperation.

It is also clear that the design of an exit process depends on the respective framework conditions, which are difficult to generalise, and that there is a need for further thematic focus on handovers to other donors, in particular. The explicit relationship between exit processes and the sustainability of impacts, maintaining partnerships and exchange of experiences also needs to be strengthened. Ultimately, simply conducting studies or evaluations on exit processes does not contribute to improving their design – this only happens when the content is examined during exchange and learning processes.

However, there are also results regarding key aspects that should be taken into account during an exit process in bilateral official development cooperation and that can be used to decide how achieved or intended impacts can be maintained or further supported and how partnerships can be upheld.

What evidence is available regarding the design of exit processes in bilateral official development cooperation? And is this implemented in practice?

One of the most important findings of this synthesis study is that an exit process should be based on a planned approach even if rapidly occurring events will most likely require regular adjustments. This can have a major impact on how successful a process is – in terms of sustainable impacts and continuing partnerships. At the same time, it became clear that exit strategies only exist in individual cases on the donor side. Another finding is that, although there are overarching aspects that an exit strategy should address, these cannot be generalised. Instead, it is important to consider the individual context and the special features of every exit.

In terms of the aspects that an exit strategy should contain, the following points are important. Here, it must be noted that terms and concepts relating to a planned approach to an exit process are not always used consistently. The aspects listed are therefore to be understood as elements that should already be referred to in overarching exit strategies and that will then be concretised in the more specific exit strategies and subsequently in the implementation plans:

- The announcement of an exit should be made at a high (if applicable political) level in order to accord this decision the appropriate importance and highlight the donor's high regard for the partner actors. In addition, all other relevant stakeholders should be informed about the decision as early as possible (see next point) to avoid any associated uncertainties. A communication concept agreed with the local actors is an advantage.

- In the context of exit processes in bilateral official development cooperation, it is clear that the local actors should be included from the beginning – at the latest after the decision to exit is made – and throughout the process. Analysing the stakeholders prior to the exit process allows donors to have an overview of all relevant stakeholder groups and involve them appropriately.
- Once the partner actors have been informed, other donors that are active in the partner country should also at least be made aware of the exit process at an early stage. This both serves to avoid a coincidental withdrawal of multiple donors and allows the donor to check whether other donors can take over some or all development policy activities. Since BMZ plans to consider such handovers (which have tended to be the exception in exit processes to date) as part of the BMZ 2030 process, there needs to be more exchange with other donors on the associated challenges and the opportunities – even if other donors are interested, a takeover is often not possible because of differing development policy alignments and different approaches.
- If it is possible to hand over bilateral official activities to local actors, donors must coordinate with them to realistically estimate the existing institutional and human resources capacities on the partner side. This will allow needs-based funding of the existing capacities. It is important to consider to what extent capacity building is possible generally and in light of the available time, funding and human resources. It is also necessary to analyse possible risks, for example the departure of qualified staff, to ensure that the initiated impacts are sufficiently resilient in critical situations.

Last, but not least, an exit strategy or implementation plan should be flexible and include sufficient time and an adequate budget to be able to react appropriately to unexpected events and also take into account the political components of exit processes. The findings also revealed that consideration should be given to all the steps to be taken in the course of an exit process as early as possible and the partner should be involved in the exit process at all stages.

Taking account of the BMZ 2030 process, it also seems sensible to develop a strategy or general guide^{xiv} that will help with steering geographical, sectoral and instrumental exit processes and that refers to the topics mentioned above. In light of the available evidence, the following recommendations relate to phasing-out processes in countries but also to strategic phasing-out or redirection processes relating to country portfolios. In the case of phasing-out processes involving non-programme-based instruments in particular, the recommendations and, above all, the guide and its contents should be used to discuss to what extent adjustments are necessary.

Recommendation 1: BMZ – possibly with the involvement of other actors, especially the implementing organisations – should draw up a guideline for exit processes in bilateral official development cooperation. This guide should contain the key elements relating to the design of exit processes and include options for action – potentially with priorities. This relates to the inclusion of stakeholders, the means and content of communications with them during the course of the exit process, the handover to other donors and/or the partner actors and the division of labour among the actors engaged in German development cooperation.

The guideline should be created for use as a general framework for designing exit processes in bilateral official development cooperation that also allows context-specific concretisation. On its basis the design of exit processes is to be concretised in BMZ country strategies for the respective country-specific context and potentially in regional strategies. To this end, the guide should cover at overarching level key topics of a well-designed exit process in bilateral official development cooperation and their role therein. These cornerstones include:

- *Involving stakeholders:* Identifying relevant stakeholders as well as how and to what extent they will be involved in the exit process
- *Communication:* Discussion of which actors communication should take place with at the beginning and during the further course of the exit process in bilateral official development cooperation and which content should be communicated in which form

- *Handover to other donors and/or to the partner actors:* An examination of the usefulness and general options for such handovers, discussion of the (time, personnel and financial) situation and limitations as well as possibilities for simplifying the handover and an assessment of potential risks
- *Division of labour among the actors engaged in German development cooperation:* Clarification of roles and tasks of the various German development cooperation actors during an exit process in bilateral official development cooperation and discussion of possibilities for coordination with other ministries and actors

Recommendation 2: BMZ's country strategies should deal systematically with exit options and in the process refer back to the cornerstones of the guide for exit processes in bilateral official development cooperation against the backdrop of the specific country context and German portfolio.

The country strategies should fundamentally lay out how the generically formulated cornerstones in the guide should be designed on a country-specific basis in the case of phasing out or redirection processes. BMZ should add this point to the specifications for creating country strategies. Findings from country portfolio reviews should also be used for this process.

A similar procedure should be used for BMZ regional strategies where possible.

The implementing organisations in official development cooperation should refer to the cornerstones for the context-specific design of exit processes formulated in the country strategies in their programmes and module proposals. This will allow the cornerstones to quickly be translated into operational exit planning in the event of an exit decision.

Recommendation 3: The essential experiences with exit processes in bilateral official development cooperation should be systematically prepared and synthesised regularly based on the established BMZ guide and used for future exit processes.

Since there is a lack of donor-specific evidence for Germany on exit processes in bilateral official development cooperation, BMZ should systematically record relevant experiences in order to use them for future exit processes and to be able to steer phasing out processes better based on central cornerstones for successful exit processes. The experiences can also relate to other donors, but they should certainly include specific experiences that are available in German development cooperation (and especially at BMZ). BMZ can also make use of the BMZ 2030 reform process to systematically record and bring together experiences with exit processes in bilateral official development cooperation.

If necessary, BMZ should adapt the guide for exit processes in bilateral official development cooperation based on the knowledge gained. These adaptations should, in turn, be used in the country strategies and specific implementation of exit processes in bilateral official development cooperation.

This is an excerpt from the publication "*Exit-Prozesse in der Entwicklungszusammenarbeit*".

Download the full report here (available only in German):

<https://www.deval.org/en/evaluations/our-evaluations/exit-processes-in-development-cooperation>