

LOOKING FOR THE RIGHT EXIT

Designing exit processes in development cooperation

Concentration of Germany's development cooperation: the challenge posed by exits

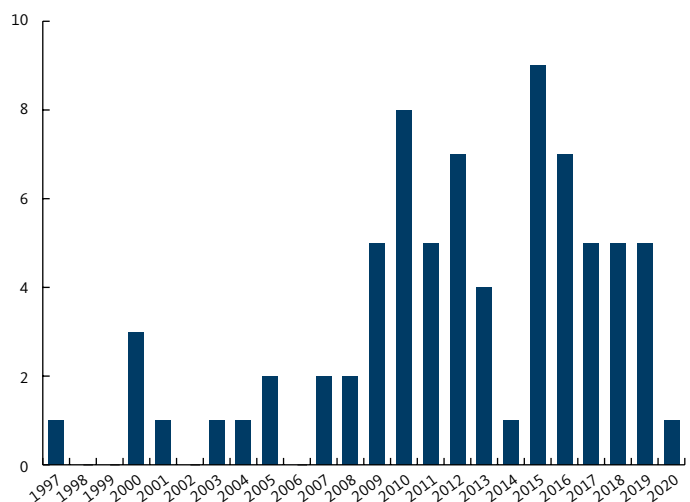
The Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, BMZ) has designed its most recent reform process with the aim of increasing the coherence and efficiency of German official development cooperation (DC). It intends to achieve this goal by concentrating on specific geographical areas, sectors and instruments. One direct implication is the number of bilateral partner countries being reduced from 85 to 60 (BMZ, 2020). Given this concentration process, exit processes in bilateral official DC are a particularly pertinent topic at present.

In the context of the Aid Effectiveness Agenda, experts have long stressed that concentration processes have the potential to make development cooperation more effective. Moreover, they make it possible to allocate funds specifically to those partners who are particularly in need of support, who stand for good governance or who use the funds particularly effectively.

Exit processes for their part hold the risk of a lack of sustainability in achieved or intended impacts and may have a negative effect on the partnerships between the states involved (Orth et al., 2018). These risks are especially unavoidable in the event of an unplanned exit, for example as a result of armed conflicts.

However, many exit processes take place in a controlled manner and can be planned on a more long-term basis. This is the type of exit associated with the current reform concept of the BMZ. The challenge of such exits is to design them in an appropriate way so that the impacts are sustainable and partnerships are maintained.

Figure 1
Number of studies and evaluations on exit processes



Source: own visualisation based on a systematic literature review

What we know about exit processes – and what we don't

Like Germany, other donors have also increasingly been initiating concentration processes since the 2000s. However, academia and DC practice have only fairly recently begun paying increased attention to exit processes. This is shown by the rising number of studies and evaluations (see Figure 1).

DEval has conducted a synthesis study which included a systematic assessment of these publications to draw conclusions for designing good exit processes in bilateral official DC (Lücking et al., 2021).

It became apparent in the course of this study that the body of evidence mainly addresses geographic exit processes (i.e. from countries), and only to a small extent exits from sectors or instruments.

In addition, relevant studies only rarely include the partner perspective, although including the partner side is frequently mentioned as a key element of exit processes. It is also apparent that they are seldom methodically planned. There may be limits to the ability to plan, yet some exit risks can still be avoided with little effort.

Reducing exit risks with little effort

Due to their heterogeneity, exit processes demand an individual approach (Lücking et al., 2021). However, some aspects that reflect development cooperation geared towards the principles of harmonisation and ownership should always be considered in order to reduce the negative impacts of exit processes:

- Announcing the exit as early as possible at a high political level demonstrates appreciation of the partner.
- Clear communication of the scope of the exit process can avoid misunderstandings.
- Performing a stakeholder analysis as early as possible can help to identify relevant stakeholders.
- Notifying other development partners as early as possible can facilitate handover processes and avoid simultaneous exits.

- A handover to partner actors should take place on the basis of available human resources and institutional capacities.

According to these results, BMZ should formalise general considerations with regard to designing processes for exiting from bilateral official development cooperation. At the same time, more specific guidelines for such exit processes from countries, sectors and instruments are needed in order to formulate principles for a successful exit. Finally, BMZ should systematically review its key exit experience to draw conclusions for future exit processes.

There is a particularly urgent need to address exit processes in the case of development cooperation approaches characterised by conditionality. This is because, from a conceptual perspective, they are based on an exit option right from the outset: namely if the conditions are not or only insufficiently met. A current example of this is reform partnerships which represent a new cooperation model of the BMZ for partner countries that are explicitly committed to reforms. These partnerships also use a particularly high volume of funding, which could potentially further exacerbate the negative consequences of an uncoordinated exit.

Literature

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Orth, M. et al. (2018), *The Future of Integrated Policy-Based Development Cooperation. Lessons from the Exit from General Budget Support in Malawi, Rwanda, Uganda and Zambia*, DEval, Bonn.



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The German Institute for Development Evaluation (DEval) is mandated by the German Federal Ministry for Economic Cooperation and Development (BMZ) to independently analyse and assess German development interventions. Evaluation reports contribute to the transparency of development results and provide policy-makers with evidence and lessons learned, based on which they can shape and improve their development policies.