The allocation of Czech foreign aid in Sub-Saharan Africa: the influence of historical relationships

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Abstract: This paper addresses the allocation of foreign aid from the Czech Republic to the countries of Sub-Saharan Africa. Although the Czech Republic is seen as an emerging donor, the history of Czech development assistance dates back to the period of the communist regime in Czechoslovakia prior to 1989. This article attempts to shed light on the role of historical factors in the allocation of Czech aid in the new millennium. Regression analyses are performed on factors that could influence the territorial allocation of donors. The main finding is that the amount of aid flowing to individual Sub-Saharan African countries is significantly influenced by historical factors, while the economic levels of recipient countries also have some relevance. Other factors of aid allocation, such as good governance and division of labour among donors, were not proved to be significant.

Keywords: aid allocation; communist regime; Czechoslovakia; Czech Republic; emerging donors; foreign aid; history; Sub-Saharan Africa.


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1 Introduction

Although numerous specialised studies have examined the factors influencing the flow of foreign aid, attention has focused almost exclusively on traditional donors – advanced industrial countries that make up the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). Many authors agree on the growing importance of ‘new donors’, who are changing the traditional architecture of foreign aid today (Manning, 2008; Woods, 2008; Walz and Ramachandran, 2010). BRICS countries are drawing significant attention (Duman and Heise, 2010; Kahler, 2013; Quadir, 2013), with the presence of China in Africa being a special subject of debate between academics, politicians and non-government organisations alike.

It is surprising that despite the growing interest in new donors, research aimed at statistical analyses of aid allocation has attracted only marginal interest. This situation is caused to a significant extent by the lack of credible data on the foreign aid provided by many new donors, whose assistance is not (sometimes intentionally) handed out and recorded using the standards established by the OECD’s DAC. However, the group of new donors is by no means homogenous and includes post-communist countries that underwent a period of transformation before joining the ranks of emerging donors. This group attracts less interest than the rising heavyweights among new donors – China and India. The aim of this study is to fill in information on the behaviour of new donors from the group of post-communist countries using the specific example of the Czech Republic and its aid to the region of Sub-Saharan Africa.

The categorisation of new donors defined by Walz and Ramachandran (2010) places the Czech Republic in the ‘DAC’ group. According to these authors, the countries in this group (which includes the majority of new EU Member States) are adapting the system of their foreign aid to conform to the model employed by advanced industrial countries, which is in contrast to the practices of donors in the Southern group, which attempt to limit the approaches of traditional donors (Bräutigam, 2009). The Czech Republic, Iceland, Poland, the Slovak Republic and Slovenia have made the greatest strides in their efforts to join the ranks of advanced donors, having become members of the prestigious DAC in 2013. Now that the Czech Republic and several other Central and Eastern European countries have become members of the DAC, the question arises as to whether they can still be regarded as emerging donors. Still, their membership does not mean that these new donors have eliminated all the initial problems in their development aid. Despite some progress in institutional and legislative measures, challenges remain in the area of political and public support and in the quantity, quality and territorial structure of aid. A clear advantage for analyses of the territorial allocation of foreign aid provided by the Czech Republic and several other new EU Member States compared to other new donors is the fact that these DAC group countries provide at least basic information on the flows of their Official Development Assistance (ODA) in the databases of the OECD.

For more than forty years, the former Czechoslovakia was part of the Eastern Bloc controlled by the Soviet Union, during which time the country formed relations with developing countries. In fact, Czechoslovakia was one of the most active ‘Second World’ countries in the field of foreign aid provided to developing nations with friendly regimes. These included countries in Sub-Saharan Africa, where Czechoslovak diplomacy was especially active in the first half of the 1960s and later in the 1970s and, in particular, the 1980s (Zídek and Sieber, 2007). Following the fall of the communist regime, the independent Czech Republic underwent a difficult period of economic, political and
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The country’s own system of foreign aid was gradually renewed during the course of the 1990s and in the new millennium.

As mentioned above, the amount of available specialised literature devoted to analyses of Czech foreign aid is relatively limited, a situation that is hardly surprising due to the relatively low significance of the Czech Republic as a donor. Czech activity in this field is typically analysed along with other donors from Central and Eastern Europe. For example, Lightfoot (2010) and Horký and Lightfoot (2012) address the history of development policy in the countries of Central and Eastern Europe. Several studies focus specifically on the Visegrád Group composed of the Czech Republic, Slovakia, Poland, and Hungary (Grimm and Harmer, 2005; Drążkiewicz, 2008; Szent-Iványi and Tétényi, 2008; Kopiński, 2012). Contemporary studies exclusively addressing Czech foreign aid include articles by Waisová (2011), Krylová et al. (2012), Horký (2010, 2011), Sládková (2011) and Majerová (2013). While these papers deal with various aspects of Czech foreign assistance, factors influencing the allocation of aid are not subject to statistical analysis. The only research based thus far on a statistical study of the motivations and aims of donors from Central and Eastern Europe was conducted by Szent-Iványi (2012), a paper that also emphasises the necessity of additional research on individual countries.

The following part of our study outlines the form of historical relationships between the former communist Czechoslovakia and developing countries, with an emphasis on Sub-Saharan Africa. The next section addresses the period following the collapse of the communist regime and the break-up of the former Eastern Bloc. Despite the fundamental change in the country’s foreign policy and its gradual integration into the OECD, the North Atlantic Treaty Organization and the European Union, it appears that historical relations with the countries of Sub-Saharan Africa from the period of Communism continue to influence Czech foreign aid. This situation on its own is not an unusual phenomenon – historical colonial ties are also a significant determinant of aid among the advanced donors of Western Europe (for example, see Alesina and Dollar, 2000; Berthélemy and Tichit, 2004). However, the relative importance of historical relations in comparison to other motivations and goals of Czech foreign aid is unclear. This study ends with regression analyses of selected factors representing official and covert motivation for the country’s foreign aid, revealing the dominant influence of historical factors.

2 Foreign aid of the former communist Czechoslovakia

The former Czechoslovakia was significantly engaged in development assistance during the communist era. After Czechoslovakia became an integral part of the Soviet sphere of influence in 1948, its policies were greatly influenced and determined by their alliance with the Soviet Union. As Zídek and Sieber (2007) emphasise, during the communist regime Czechoslovakia did not have a sovereign foreign policy, and relations with other countries, including developing countries, were to a large extent shaped by Soviet interests. In the context of the ongoing Cold War, this practically always involved ideologically motivated aid to leftist regimes or parties with leftist leanings interested in strengthening their ties to Eastern Bloc countries (Zídek and Sieber, 2007). From the Soviet point of view, the USSR (and its Eastern European satellites) provided “support to
the just cause of national liberation and to progressive regimes threatened with interventions by the Western imperialists or their reactionary stooges in the developing world" [Kanet, (1987), p.9].

The economic reasons for providing aid should also not be ignored; assistance was given with the aim of opening new markets and securing products (especially tropical crops and certain minerals) that were difficult to obtain within the Council for Mutual Economic Assistance (COMECON) market (Staar, 1982). One long-term problem in COMECON countries was the persistent shortage of foreign currency, and imports from developing countries were therefore financed directly by exports in the form of barter (Nayyar, 1977; Després, 1987). Given the history of colonial exploitation by western capitalist countries, communist countries stressed the equality of their trading partners and expressed the desire to develop a new type of division of labour. But as Nayyar (1977) states, these objectives were not met. Until as late as the 1970s, more than 75% of exports to less developed capitalist economies were manufactured goods, while primary products and raw materials accounted for more than 70% of Third World exports to the Socialist Bloc (Nayyar, 1977).

The subordination of Czechoslovak development aid to the interests of the Soviet Bloc and ideologically motivated support of states with a pro-Soviet political orientation were the defining characteristics of the pre-1989 period of Czechoslovak involvement in the Third World (Majerová, 2013). The ideological-political motivation behind aid is best documented in the categorisation of developing countries in Sub-Saharan Africa. Zídek and Sieber (2007) state that beginning in the 1960s, Czechoslovakia recognised three categories of developing countries in Africa:

1. countries of high interest
2. countries with mutually beneficial relations
3. countries under imperialism.

The main aim of Soviet strategy was to move countries up to the highest category, from where it was only a small step to adopting the socialist ideology and becoming an ally of the USSR. According to Zídek and Sieber (2007), the former Czechoslovakia classified Nigeria, Congo-Brazzaville, Tanzania, Ghana, Guinea, Mali and the United Arab Republic as countries of high interest. The second category included Ethiopia, while the third category consisted of all former French colonies (with the exception of Mali and Guinea). Czechoslovak assistance (on a free or partially free basis) was provided predominantly to the countries in the first category, in addition to non-European socialist countries such as Cuba, Mongolia, North Korea, Vietnam, Laos and Cambodia.

It should be stressed that these categories were by no means static. As Waisová (2011) states, the main reason for providing aid to the countries that sympathised with socialism and Soviet foreign policy was to weaken the position of (Western) imperialism. Therefore any departure of an individual southern country from the pro-Soviet political sphere usually resulted in a decline and eventual termination of Czechoslovak aid. In this regard, the Western and Eastern Bloc approaches towards the Third World were similar and dictated by the logic of the Cold War. Pechota (1981) argues that the existence of the communist countries on the international scene improved the bargaining strength of poor nations.

The actual form and intensity of Czechoslovak assistance was determined not only by the political changes in the Third World, but also by domestic political factors (Pechota,}
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1981; Zidek and Sieber, 2007). Czechoslovak diplomacy was most active in the period that saw the creation of independent African countries in the late 1950s and early 1960s. In this way, Czechoslovakia capitalised on its good reputation in the region, including pre-war trade relations (Pechota, 1981). There was a gradual decline in cooperation in the second half of the 1960s due to a combination of unfulfilled expectations and an overestimation part of the influence of Czechoslovakia. Moreover, the political change in the domestic situation in Czechoslovakia during the ‘Prague spring’ contributed to the decline. In the period following the invasion of Warsaw Pact armies in 1968 and the subsequent tightening of the grip of the pro-Soviet regime, Czechoslovakia definitively lost its initiative. There was a resurgence of interest in the 1970s and 1980s, and new contacts were made in the Third World. The fall of the communist regime in 1989 came during a period of substantial development cooperation; in Sub-Saharan Africa this primarily involved Ethiopia, Namibia and Zambia. The shifting dynamics of the relationships are also evident in Figure 1.

Figure 1  Duration of exceptional relations between selected Sub-Saharan countries and Czechoslovakia, 1948–1989

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Source: Authors’ calculations based on Zidek and Sieber (2007)

Czech development assistance was provided through various means, mainly as supplies of equipment (food, medicines, tools, etc.), technical assistance and scholarships (Zidek and Sieber, 2007). Given the fact that socialist countries advocated state ownership of the means of production, almost all the aid from socialist countries was concentrated in the public sector of Third World economies (Nayyar, 1977). Technical assistance (under agreements on scientific and technological cooperation) was provided predominantly in the form of sending experts and training national personnel in developing countries (Pechota, 1981). The extent of technical assistance was quite substantial. For instance, Pechota (1981) reports that in 1979, Czechoslovakia had almost 60 agreements on economic cooperation and 35 agreements on scientific technical cooperation with developing countries. The same author estimates that in 1978 more than 1,000 specialists, including doctors, geologists, agronomists, technicians and other professionals were working in non-European countries.
Education and training is one field in which the former Czechoslovakia was particularly active. Estimates are only available on the number of foreign students that completed their university studies in the former Czechoslovakia. Exnerová et al. (2005) estimate that around 20,000 students from developing countries pursued university studies or higher education in Czechoslovakia. A relatively high number of trainees underwent training in Czechoslovak factories and other facilities. According to Pechota (1981), Czechoslovakia invited up to 1,000 trainees each year. The high numbers of trainees and foreign students working and studying in the former Czechoslovakia formed the basis for personal contacts and connections. In some specific cases these connection influenced the form of development assistance of former communist countries.

Although the provision of arms should in no way be included in development assistance, it was a very important aspect of bilateral relations with developing countries during the communist era. It has been claimed (Pick, 1979) that in the late 1970s Czechoslovakia was among the world’s major arms suppliers. Examining arms supplies to Africa, Pick (1979) reports that the Nigerian government, the Biafran regime, the Ethiopian government, Eritrean revolutionaries and the countries of Uganda, Ghana, Angola, Sudan, and the Democratic Republic of Congo among others bought arms from Czechoslovakia. Pechota (1981) mentions that ideological commitments provided justification for Czechoslovakia’s arms trade. But the purpose of extensive arms exports was not just to support revolutionary anti-imperialist movements Arms sales played a significant role in achieving trade surpluses with Third World countries (Després, 1987).

According to Pechota (1981), Czechoslovak arms and military equipment were welcomed by the Southern governments since the components suited the needs of middle-sized non-European countries.

Although it is very difficult to assess any financial levels of development assistance before 1989, Robinson (1979, p.13) provides at least some information on the subject. Using an OECD report published in 1978, Robinson calculates that the development assistance of the Eastern European countries (Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania, Bulgaria) “amounts to no more than 0.04% of the gross national product of the six countries combined”. Looking at the individual shares of the respective countries, Czechoslovakia was often one of the top donors, providing 27% of aid in 1966–1970 and 16% in 1971–1975. According to Staar (1982), the volume of aid from communist Czechoslovakia was higher than the total amount of aid from all of the other Eastern Bloc countries (with the exception of the USSR). Halaxa and Lebeda (1998) report that Czechoslovakia in the 1980s provided aid to 138 countries in an amount equivalent to 0.7–0.9% of the Czech GDP. Compared to today that is a surprisingly high share and it even meets the United Nations’ recommended level of 0.7% of GDP for foreign aid. Nevertheless, this information must be treated with circumspection, because the data was not recorded in accordance with OECD/DAC standards. For instance, it is not clear if the figures also included military aid (Horký, 2010), which constitutes a form of foreign assistance explicitly excluded from ODA by the OECD/DAC rules. The situation is further complicated by the fact that some Czechoslovak assistance (including technical assistance) took the form of barter (Waisová, 2011). Similarly, Kanet (1987) reports that virtually all Soviet aid was provided in the form of credits for the purchase of Soviet goods and equipment. These forms of conditional assistance also do not comply with OECD/DAC rules.
3 Foreign aid after the collapse of the communist regime in Czechoslovakia

The regime change in 1989 produced a radical revision in the foreign policy orientation of Czechoslovakia and, later, the Czech Republic. The countries of Central and Eastern Europe undertook an often painful path toward economic reforms (Kopycinska and Sergi, 2008) accompanied by the transformation of the political, legal and social system. In the realm of foreign aid, the Czech Republic quickly became a recipient instead of a provider. The system of foreign development cooperation was renewed in 1995 as a result of the Czech Republic joining the OECD (Horký and Lightfoot, 2012). To a large extent, admission to the OECD and the renewal of foreign aid were matters of prestige, and the importance of foreign aid for partner developing countries was only a secondary concern.

Other re-entry points to international assistance for Central European countries mentioned by Grimm and Harmer (2005) were the humanitarian crises in the war-torn countries of former Yugoslavia. Humanitarian aid provided to neighbouring countries organised predominantly by national NGOs helped to overcome the wide-spread scepticism towards international solidarity. While the negative public attitudes (partly shared by new elites) were clearly a consequence of ‘obligatory’ solidarity with Third World countries officially propagated and promoted by the communist regime (Majerová, 2013), the relatively large numbers of students from developing countries and Czechoslovak experts involved in technical assistance prior to 1989 are regarded as a rather positive legacy.

Czech foreign aid after 1989 was characterised by territorial and sector dispersion. Prominent Czech foreign aid projects were implemented in forty countries between 1996 and 2000 (Dražkiewicz, 2008). Combined with the low volume of aid for individual projects, this dispersion aggravated the situation and led to even greater fragmentation. The fragmentation together with diffused governance and the overall ineffectiveness and incoherence of Czech development cooperation was criticised by the influential DAC Peer Review (OECD DAC, 2007). The situation improved slightly following a reduction in the number of developing countries to which aid was provided, first to twenty, later to ten partner countries (Dražkiewicz, 2008; Sládková, 2011). This list of ten countries included only two from Sub-Saharan Africa – specifically Angola and Zambia. Ethiopia, which had scored the highest number of points in an evaluation and hence had the greatest priority, also appeared on the original list derived from the relatively transparent selection data. However, Ethiopia was completely eliminated from consideration due to a random diplomatic incident, an event that documents well the political background of the selection of partner developing countries (Horký, 2010).

The Czech Republic currently has five programme countries and five project countries for foreign development cooperation (MFA, 2012). Despite a declared intent to concentrate aid, the number of countries remains relatively high. The territorial composition of aid clearly favours countries in close proximity (especially around the Balkan Peninsula), followed by post-communist countries with which the Czech Republic shares common totalitarian and transformational experiences. Afghanistan, for years one of the most important recipients of Czech foreign aid, is a special case. Assistance to this Central Asian country is based primarily on Czech commitments as a member of NATO. The only programme change from Sub-Saharan Africa on the list is
Ethiopia. Angola and Zambia were removed from the list due to the low interest the countries had in aid from the Czech Republic.

Nevertheless, the Czech Republic does not direct all of its aid exclusively to priority countries; since 2001 aid has flowed to more than forty countries in Sub-Saharan Africa. Figure 2 shows the slow but continual growth of aid provided to Sub-Saharan Africa. A total of 5% of Czech foreign aid was sent to Sub-Saharan Africa in the period 1998–2004, a figure that increased to 10% in the years 2005–2011 (OECD.stat, 2013). The relative growth in funds can be regarded as the result of a process in which the high number of priority countries (of which only a few were from Sub-Saharan Africa) was gradually reduced. At least one Sub-Saharan African country always remained in the subsequent selection of priority countries in which the majority of aid was concentrated. The combination of the concentration of aid and efforts to manage international commitments along with pressure from Czech NGOs promoting the representation of Least Developed Countries (Mihálik et al., 2010) was reflected in the higher share of aid to Sub-Saharan Africa. Approximately USD 60 million was allocated to the region in the period 1998–2011, a figure that represents just under 7% of the total volume of Czech foreign aid during this period. This aid was sent to 42 countries in Sub-Saharan Africa, with Angola, Ethiopia, Zambia and Namibia being the largest recipients (OECD.stat, 2013).

Figure 2  A comparison of the overall volume of Czech ODA and the amount of ODA sent to Sub-Saharan Africa between 1998 and 2011 (USD in millions)

Source: OECD.stat (2013)

In conclusion it is possible to state that the Czech Republic has never had a separate strategy focused on aid to Sub-Saharan Africa. This region was always addressed as part of the overall Czech foreign development aid strategy and was essentially of marginal interest. For example, the first important strategic document – The Concept of Czech Development Assistance for 2002–2007 (Government Resolution 91, 2002) – explicitly mentions the commitment to meet the goals of the international community to reduce hunger in least developed countries. The subsequent Concept for 2010–2017 (MFA, 2012) prioritises, among other strategic goals, the reduction of hunger.

Nevertheless, these rhetorical declarations never fully materialised in the Czech development aid to Sub-Saharan Africa, the poorest region in the world. From the perspective of international commitments, it is therefore possible to regard the territorial
focus of Czech development aid as controversial (Krylová et al., 2012). The Czech Republic primarily supports countries with medium income rather than low income countries and LDCs. This is the result of efforts to apply the country’s own experience with economic and political transformation following the fall of the communist regime, otherwise known as ‘transition experiences’ (Hazakis, 2010; Vlachos and Kalimeris, 2010). It is unclear as to what extent these transition experiences can be applied in Sub-Saharan Africa, where countries are dealing with the specific problems of poverty and other global challenges (Aslam and Azhar, 2013).

4 Aid selectivity and the patterns of Czech foreign aid allocation in Sub-Saharan Africa

4.1 Aid selectivity and aid allocation: a brief review

Although literature addressing the allocation of aid from traditional OECD DAC donors in relation to the effectiveness of assistance is relatively extensive, it does not offer clear conclusions. Certain influential studies point out that the selectivity of aid (i.e., the targeting of aid from bilateral and multilateral donors on the basis of pre-established criteria) is an important condition for the effectiveness of aid. Often cited in support of this opinion is the study by Burnside and Dollar (2000, p.847), according to which ‘aid has a positive impact on growth in developing countries with good fiscal, monetary, and trade policies, but has little effect in the presence of poor policies’. Despite the fact that these conclusions were later challenged (Easterly et al., 2000; Roodman, 2007), they had an impact on the growing popularity of aid selectivity among donors.

Although a wide range of selection criteria exist, they can be divided between the needs of the aid recipients and the interests of the donors (McGillivray, 2003; Szent-Iványi, 2012). The ‘need’ criterion assumes that more aid will be sent to countries with a lower level of human development. In contrast, the promotion of particular interests on the side of donors means prioritising one’s own political, strategic and economic interests and reduces the focus of aid on poverty reduction. Alesina and Dollar (2002) indicate that between 1970 and 1994 more aid was given to developing countries that were important for satisfying the political and strategic goals of the donors. Part of the study points out that during the Cold War donors neglected human rights (Neumayer, 2003) and the level of corruption (Alesina and Weder, 2002) as criteria for giving aid. According to Schraeder et al. (1998), donors did not sufficiently prioritise basic human needs – calorie intake and prospects for living a full life did not have a significant impact on the allocation of aid.

The situation partially changed after the Cold War, at which point greater attention was paid to the criteria of need and the institutional quality among the recipients of assistance. Dollar and Levin (2006) document that since 1990 donors have had a greater tendency to factor the level of democracy and the quality of economic governance into their decision-making process. This conclusion is also supported by Claessens et al. (2009), according to whom bilateral aid is focused more today on the quality of policies and the institutional environment in recipient countries. Faust and Ziaja (2012) attribute this shift in the behaviour of donors to the growing criticism directed at the international ‘aid industry’ in combination with the end of the bipolar division of the world. Lancaster (2007) suggests that the reasons for this change can also be found in the strengthening
process of globalisation and the threat of terrorism, especially since the 9/11 attacks. Szent-Iványi (2012) adds that new security threats also include mass migration, the spread of new diseases and organised crime.

Cross-country analyses provide information on basic trends in the selectivity and allocation of aid, while also shedding light on the diversity of the behaviour of individual donors or groups of donors. Scandinavian countries are typically regarded as good donors; according to Alesina and Weder (2002), the aid provided by these countries is influenced to a greater extent by the quality of democracy and human rights, even though, as Lancaster (2007) points out, this strategy also benefits the donors themselves by enhancing their importance in international relations. In contrast to Scandinavian donors the USA, Japan and former colonial powers are guided by their own economic and strategic interests or former colonial ties (e.g., Younas, 2008; Berthélemy and Tichit, 2004). As the only author thus far to analyse Visegrád Group donors, Szent-Iványi (2012) has come to the conclusion that these post-communist countries prioritise their own political, security and economic interests over the goal of reducing global poverty. According to this author, neither the level of poverty nor the ‘previous performance of the recipients’ is a significant factor in the allocation of aid. The majority of aid is sent to countries in close proximity [Commonwealth of Independent States (CIS) and the Baltic states], while Afghanistan, Iraq and the countries of Sub-Saharan Africa are of only marginal interest to these new donors.

4.2 Czech foreign aid allocation in Sub-Saharan Africa: variables, data, and hypotheses

The aim of our study is to determine whether historical factors influence the allocation of Czech ODA. The regression analysis utilises the method of pooled OLS estimation, an approach that is quite common in the literature which addresses the allocation of development aid (see Alesina and Dollar, 2002; Dollar and Levine, 2006; Szent-Iványi, 2012 and other works). However, unlike several of these approaches (e.g., Szent-Iványi, 2012), it is not possible in our case to use the fixed effects method for panel data to check robustness, since the main examined explanatory variables (historical factors) are related to the period prior to the year 1989, and thus their amount would be the same for all investigated periods.

The dependant variable in our analysis is the volume of official Czech development aid provided to individual Sub-Saharan African countries. The data for this variable (named oda_cz) were acquired from the OECD.stat statistical database. This involves the total net ODA in 2012 constant prices in thousands of USD.

The literature dealing with allocations uses the four- to five-year average volumes of development aid, which partially helps eliminate potential inter annual fluctuations. In our study we divide data into two five-year periods: 2002–2006 and 2007–2011. The average annual ODA provided by the Czech Republic to the individual countries of Sub-Saharan Africa was calculated for these periods (including countries that received no aid, in which case their average annual ODA for the given period is zero). As such, each Sub-Saharan African country will represent two observations – one for the period of 2002–2006, the other for 2007–2011.

Independent variables, which explain the allocation of Czech development aid, can be divided into variables expressing our interest (historical factors) and control variables. According to the literature, the main control variables are the following:
The allocation of Czech foreign aid in Sub-Saharan Africa

• Population of the recipient country. The variable is stated in thousands of inhabitants as an average for each studied period (i.e., 2002–2006 and 2007–2011). The data were obtained from the database of the World Bank. It can be assumed in general that countries with a larger population will receive a greater amount of aid (in absolute figures), which is also indicated by the correlation between the volume of Czech ODA and the population of Sub-Saharan African countries, which is positive and statistically significant (correlation coefficient of 0.36). However, this relationship must be confirmed by a regression analysis to check the influences of additional variables. Population size enters the regression in the form of a natural logarithm (logpop).

• Per capita GDP of the recipient country (in purchasing power parity and in constant international 2011 dollars). The data were obtained from the database of the World Bank. It is generally assumed that poorer countries receive more development aid, while Szent-Iványi (2012) argues that this does not apply to the Visegrád countries. The literature focused on the allocation of development aid (e.g., Szent-Iványi, 2012) often describes the relationship between per capita GDP and the volume of received ODA as endogenous (i.e., there is bilateral causality between the economic level of the recipient and the volume of received aid). In order to avoid the problem of endogeneity, we will complete the regression analysis with the level of per capita GDP immediately prior to the beginning of each studied period (i.e., the year 2001 will be relevant for the first studied period, the year 2006 for the second studied period). While the per capita GDP of recipients in these years can have an influence on the volume of allocated aid, it can definitely not be influenced by the allocated aid (due to the fact that it precedes the allocation of aid). GDP enters the regression in the form of a natural logarithm (loggdp_pc).

• GDP growth in the recipient country (in %). As in the previous case, the relationship between economic growth and the allocation of ODA can be endogenous: development growth can be one of the causes of economic growth, but rapidly growing countries can simultaneously be ‘rewarded’ for their economic growth with higher ODA. We will resolve the problem of endogeneity by working with five-year average GDP growth prior to the beginning of the studied period (i.e., 1997–2001 for the first studied period and 2002–2006 for the second). We assume that this factor will have no impact on the allocation of Czech development aid to the countries of Sub-Saharan Africa. The data for this variable (growth) were obtained from the database of the World Bank.

• The institutional quality of recipient countries. It is generally assumed that countries with better government institutions receive more development aid (which should be more effectively utilised in the presence of sound institutions). We estimate the quality of institutions using the Freedom Index created by Freedom House. The index ranks countries from 1 to 7, with 1 being the best possible score. Although Szent-Iványi (2012), for example, states that the allocation of Czech ODA could be related to the quality of institutions in recipient countries, we do not believe that this will apply to recipients from Sub-Saharan Africa. Among other things, this indicates virtually zero correlation between the two variables. This variable (democr) enters the regression as the average for each studied period. The data were obtained from the database of the Freedom House organisation.
Overall volume of ODA in recipient countries (coming from OECD DAC countries). This variable is employed to check whether certain recipient countries are ‘favoured’ over others. Although we do not believe that this factor is crucial for the allocation of Czech ODA, the correlation between overall and Czech ODA in recipient countries is positive and statistically significant (correlation coefficient of 0.33). The data were obtained from the OECD. Stat database as net ODA in millions of USD. This variable enters the regression as the average for each studied period in the form of a natural logarithm (\( \text{logoda}_{dac} \)).

We measure the economic interests of the Czech Republic using the volume of Czech exports to recipient countries. We assume that in the case of Sub-Saharan recipients this variable will not have a significant impact on the allocation of Czech ODA. The data come from the Czech Statistical Office’s database of foreign trade and are measured in thousands of USD. This variable enters the regression analysis as the average for each studied period in the form of a natural logarithm (\( \text{logexp}_{cz} \)).

The political interests of the Czech Republic are gauged by the presence of a Czech embassy in the recipient country. This dummy variable (embassy) has a value of 1 if the Czech Republic has an embassy in the recipient’s country (the variable has a value of 0 in the opposite case). The data, which are always related to the beginning of the studied period (i.e., 2002 for the first period, 2007 for the second), were obtained from the annual reports on Czech foreign policy published on the website of the Czech Ministry of Foreign Affairs.

Dummy time variable. This dummy variable has a value of 1 for the second studied period, 0 for the first tested period. Due to the nature of the pooled OLS regression method, this variable allows us to analyse whether there was an overall increase in aid in the compared periods (for various reasons).

The following independent variables will be used to measure the investigated historical factors of Czech ODA allocation:

The existence of special historical relations. This dummy variable is used on the basis of historical sources to determine whether Czechoslovakia had special and important relations with a given Sub-Saharan African country prior to 1989. The dummy variable (\( \text{hist}_\text{rel} \)) has a value of 1 if historically important relations existed (0 if such relations did not exist). We conclude that the existence of important relations prior to 1989 has a significant and positive influence on the allocation of Czech ODA to the countries of Sub-Saharan Africa.

The length of special historical relations. This variable (\( \text{histrel}_{yrs} \)) states the number of years special and important relations existed between Czechoslovakia and Sub-Saharan countries up until 1989. If no historically special relations existed between Czechoslovakia and a certain country, the variable has a value of 0. We assume that the length of important relations prior to 1989 will have a significant and positive influence on the allocation of Czech ODA to the countries of Sub-Saharan Africa.
• The recency of special historical relations (up to 1989). This variable (recent) states the number of years prior to 1989 that special and important relations ended. If special relations ended in 1989 or continued beyond that year, the variable has a value of 0. If no special relations between the countries existed, the arbitrary value of ‘39’ is given. This is the number of years between 1989 and the beginning of the 1950s, which was when independent Africa began to form. We presume that the recency of special relations will have a significant and negative influence on the allocation of Czech ODA to the countries of Sub-Saharan Africa (i.e., the volume of aid provided will drop as years increase from the end of special relations prior to 1989).

Since variables investigating historical facts are closely related, each will enter the regression analysis separately. The following degrees of association indicate a strong association between these variables. The correlation coefficient between the length of special relations in history (up until 1989, the variable histrel_yrs) and the recency of special relations in history (the variable recent) has a value of –0.9225. Standardised regression coefficients in simple bivariate regressions between the variables hist_rel (existence of special relations prior to 1989) and histrel_yrs, or between the variables hist_rel and recent, also reveal a very close association (0.7489 in the first case, –0.8377 in the second).

We have 93 observations available for our chosen pooled OLS regression method, which roughly corresponds to the demands of statistics textbooks for the amount of data in a regression analysis (i.e., at least ten times more observations than explanatory variables, which in our case is approximately satisfied due to the fact that none of the regression models will simultaneously contain all of the above variables).

4.3 Czech foreign aid allocation in Sub-Saharan Africa: models, estimates and results

We used three regression models in our analysis: a separate model was created for each variable describing special historical relations between the Czech Republic and Sub-Saharan African countries (although the same method of pooled OLS was used in all cases). Table 1 provides the results and composition of individual models.

The main explanatory variable used in model 1 was the dummy variable hist_rel, which indicates whether special historical relations existed between the Czech Republic and a specific country in Sub-Saharan Africa. This variable is statistically significant, and its coefficient says that the Czech Republic provides countries with which it had special relations prior to 1989 an average of USD 318,000 more than countries with which there were no special relations (if the influences of the other variables listed in the model are checked). Also at the 10% level of significance in this model is the embassy variable, according to which the Czech Republic provides USD 197,000 more development aid to Sub-Saharan African countries in which it has an embassy (if the influences of the other variables listed in the model are checked, including historical factors measured by the hist_rel variable). The other variables are not statistically significant.
Table 1  Models and results of the regression analysis

<table>
<thead>
<tr>
<th>Dependent variable: oda_cz</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pooled OLS</td>
<td>Pooled OLS</td>
<td>Pooled OLS</td>
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<tr>
<td>logpop</td>
<td>1.559</td>
<td>4.375</td>
<td>-6.108</td>
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<tr>
<td></td>
<td>(0.05)</td>
<td>(0.20)</td>
<td>(-0.25)</td>
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<tr>
<td>loggdp_pc</td>
<td>-15.768</td>
<td>-42.222**</td>
<td>-49.579**</td>
</tr>
<tr>
<td></td>
<td>(-0.57)</td>
<td>(-2.32)</td>
<td>(-2.36)</td>
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<tr>
<td>growth</td>
<td>4.461</td>
<td>2.931***</td>
<td>3.606</td>
</tr>
<tr>
<td></td>
<td>(1.26)</td>
<td>(1.66)</td>
<td>(1.59)</td>
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<td>democracy</td>
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<td>9.572</td>
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<td>(-0.93)</td>
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<td>9.769</td>
</tr>
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<td></td>
<td>(-0.56)</td>
<td>(1.44)</td>
<td>(1.01)</td>
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<tr>
<td>Embassy</td>
<td>196.868***</td>
<td>90.857***</td>
<td>186.15**</td>
</tr>
<tr>
<td></td>
<td>(1.93)</td>
<td>(1.68)</td>
<td>(2.62)</td>
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<tr>
<td>Period</td>
<td>86.966</td>
<td>74.0734**</td>
<td>83.735***</td>
</tr>
<tr>
<td></td>
<td>(1.49)</td>
<td>(2.11)</td>
<td>(1.85)</td>
</tr>
<tr>
<td>hist_rel</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(4.30)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>histrel_yrs</td>
<td>-</td>
<td>65.869*</td>
<td>-</td>
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<tr>
<td></td>
<td></td>
<td>(5.77)</td>
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</tr>
<tr>
<td>Recent</td>
<td>-</td>
<td>-</td>
<td>-15.866*</td>
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<tr>
<td>R²</td>
<td>0.4280</td>
<td>0.7508</td>
<td>0.6653</td>
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<tr>
<td>Observations</td>
<td>93</td>
<td>93</td>
<td>93</td>
</tr>
</tbody>
</table>

Notes: *significant at the 1% level  
**significant at the 5% level  
***significant at the 10% level  
t-statistics in parentheses. The standard errors are heteroscedasticity-robust (white test used).

The main explanatory variable used in model 2 was histrel_yrs, i.e., the number of years prior to 1989 for which Czechoslovakia had special historical relations with a specific country in Sub-Saharan Africa. This statistically significant variable states that the volume of aid provided by the Czech Republic to Sub-Saharan African countries is on average just under USD 66,000 (all coefficient interpretations are ceteris paribus) higher for each additional year special relations existed (prior to 1989). At the 5% level of significance in this model are the variables loggdp_pc (if the per capita GDP in Sub-Saharan African countries drops by 1%, the volume of Czech development aid to these countries increases on average by more than USD 420,000) and period (Czech aid
provided to Sub-Saharan African countries is on average approximately USD 74,000 higher in the second studied period than in the first period. At the 10% level, the significant variables are embassy (the Czech Republic provides approximately USD 91,000 more development aid to Sub-Saharan African countries in which it has an embassy and growth (if GDP growth in the recipient Sub-Saharan African country is 1% higher, the amount of Czech ODA increases by about USD 2,930).

The main explanatory variable used in model 3 was recent, i.e., the number of years between the end of special historical relations (between Czechoslovakia and the specific country in Sub-Saharan Africa) and the year 1989. This variable is statistically significant; if the difference between the end of special relations and the year 1989 increases by one year, the amount of Czech ODA provided to Sub-Saharan African countries drops on average by nearly USD 16,000. At the 5% level of significance in model 3 are the variables embassy (the Czech Republic provides USD 186,000 more development aid to Sub-Saharan African countries in which it has an embassy) and loggdp_pc (if the per capita GDP in Sub-Saharan African countries drops by 1%, the volume of Czech development aid to these countries increases on average by just under USD 500). At the 10% level of significance is the variable period (Czech aid provided to Sub-Saharan African is on average approximately USD 84,000 higher in the second studied period than in the first period).

5 Czech foreign aid in Sub-Saharan Africa: conclusions and policy recommendations

The regression analysis that was conducted showed that historical factors have an important influence on the allocation of Czech ODA in Sub-Saharan Africa. The analysis demonstrates that all three variables which measure in various ways the importance of historical relations between Czechoslovakia and Sub-Saharan African countries are highly statistically significant at the 1% level. From this perspective, we were therefore able to prove the hypothesis that relations from the period prior to 1989 remain an important determinant for the allocation of Czech ODA in the countries of Sub-Saharan Africa.

Also significant in all the models is the embassy variable, i.e., the presence of a Czech embassy in the countries of Sub-Saharan Africa. This variable expresses the current importance of the country in Czech foreign policy. This result confirmed our hypothesis that current foreign-political relations are an important factor for the flow of Czech ODA to Sub-Saharan Africa. The existence of an embassy may also reflect historical ties.

The loggdp_pc variable is significant in two models, which confirms the general assumption (and is contrary to the findings of Szent-Iványi, 2012). According to the results of two models, the Czech Republic tends to allocate more aid to Sub-Saharan African countries with a lower per capita GDP. A second variable that was significant in two models is period, which indicates increased Czech ODA to Sub-Saharan African countries from the first to second period. This result confirms our hypothesis that the volume of Czech ODA to Sub-Saharan African countries in absolute terms is increasing.

None of the other variables in our models are statistically significant. This demonstrates that the economic interests of the Czech Republic (based on the volume of Czech exports), the popularity of the recipient among OECD DAC donors, the quality of
democratic institutions, the size of the population of the recipient country and economic dynamics (GDP growth) are not significant determinants in the allocation of Czech ODA to Sub-Saharan Africa.

The policy recommendations arising from the results of our research must be placed in the broader context. Czech development policy has to deal with two partially conflicting goals. On one hand, the Czech Republic is attempting to fulfil international obligations which call for a greater focus on the poorest countries. On the other hand, Czechs are trying to utilise their comparative advantage from the transformation period, which has led the Czech Republic to focus on middle-income countries in Eastern Europe and the CIS. While it is generally recognised that more effort should be directed to the poorest countries, it is the second approach that was recommended by OECD DAC in its peer reviews of the Czech Republic and Poland development assistance.

It is likely that any increased strengthening of the orientation on transition economies will encounter resistance from the majority of the Czech civil society development organisations, which traditionally place a heavier emphasis on partnerships with low-income countries. It is reasonable to expect that the debate will produce a compromise solution that retains at least one country from Sub-Saharan Africa among the priority countries of Czech development aid. Besides programme cooperation, additional aid continues to be provided on an ad hoc basis in response to humanitarian and security crises. As a result, several Sub-Saharan African countries will continue to figure among aid recipients, even if the absolute amount remains a relatively low share of the total volume of aid.

The conclusion of our research should serve as a stimulus for debate on the extent to which the criteria for allocating aid as defined in government conceptual documents have been fulfilled. While the system is biased in favour of historical relationships in the case of Sub-Saharan Africa, a strong orientation based on this criterion is arguable. Under the assumption that development aid is more effective in countries with lower income and good governance, the overly strong focus on historical factors may reduce the effectiveness of Czech aid. In the opinion of the authors, there is great potential for modifying the current system to take into consideration factors that are more relevant for effective aid in Sub-Saharan Africa – good governance, the division of work among donors, as well as a strengthened focus on the poorest countries.

References

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