

# Operational Plan 2011-2015

## DFID CENTRAL ASIA

**May 2011**

*This plan will be refreshed annually*

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# 1) Introduction

- The UK Government is determined to help reduce the inequalities of opportunity we see around the world today. We believe that promoting global prosperity is both a moral duty and in the UK's national interest. Aid is only ever a means to an end, never an end in itself. It is wealth creation and sustainable growth that will help people to lift themselves out of poverty.
- In May 2010, the International Development Secretary, Andrew Mitchell, commissioned the Bilateral Aid Review to take a comprehensive and ambitious look at the countries in which DFID works through our direct country and regional programmes. The review focussed on the best ways for the UK to tackle extreme poverty, ensuring that we make the greatest impact with every pound we spend. In parallel, through the Multilateral Aid Review, DFID assessed how effective the international organisations we fund are at tackling poverty.
- On the 1st March 2011, the key outcomes of the reviews were announced, including the results that UK aid will deliver for the world's poorest people over the next four years. The Bilateral Aid Review has refocused the aid programme in fewer countries so that we can target our support where it will make the biggest difference and where the need is greatest. The Multilateral Aid Review findings enable us to put more money behind effective international organisations which are critical to delivering the UK's development priorities. In addition the independent Humanitarian Emergency Response Review looked at how the UK can build on its strengths in responding impartially to humanitarian needs and help ensure future disaster responses can be better prepared and coordinated.
- DFID is committed to being a global leader on transparency. In the current financial climate, we have a particular duty to show that we are achieving value for every pound of UK taxpayers' money that we spend on development. Results, transparency and accountability are our watchwords and guide everything we do. DFID regards transparency as fundamental to improving its accountability to UK citizens and to improving accountability to citizens in the countries in which it works. Transparency will also help us achieve more value for money in the programmes we deliver and will improve the effectiveness of aid in reducing poverty.
- The UK Aid Transparency Guarantee commits DFID to making our aid fully transparent to citizens in both the UK and developing countries. As part of this commitment we are publishing Operational Plans for country programmes. The Operational Plans set out the vision, priorities and results that will be delivered in each of our country programmes.
- We will concentrate our efforts on supporting achievement of the Millennium Development Goals, creating wealth in poor countries, strengthening their governance and security and tackling climate change. The prize, in doing so, is huge: a better life for millions of people, and a safer, more prosperous world.

## 2) Context

The Central Asia (CA) region comprises the former Soviet Union states of Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The region is geo-politically important, but increasingly fragile and experiencing a growing Islamic consciousness. The region borders Russia, Iran, Afghanistan, and China; and is close to Pakistan. Authoritarian regimes have resulted in poor governance, weak institutions and endemic corruption. The legacy from the Soviet era leaves particular problems, particularly the loss of Soviet subsidies (which contributed significantly to budgets - up to 60% in Tajikistan) resulting post-independence in major deterioration in infrastructure and basic services, and the loss of traditional markets in the Former Soviet Union. The unrest in Kyrgyzstan in 2010, stimulated by widespread discontent over government corruption and declining services, is a case in point. There are other regional tensions, eg over transboundary water resources, where the upstream countries' plans to tap key rivers for hydro energy could, if not carefully handled, stoke conflict with downstream countries. The risk of heightened unrest and state failures, with major implications for regional stability, is significant.

Tajikistan and Kyrgyzstan are the poorest countries in the CA region (182nd and 178th respectively on the World Bank GNI index; Tajikistan GNI per capita \$700; Kyrgyzstan is \$870<sup>[1]</sup>). Both states are widely considered to be economically and politically fragile. Weak economic bases and small private sectors mean few growth opportunities. Their populations have nearly doubled since 1991 – resulting in a young population with poor education and few prospects except outward migration. Migration for work and consequent remittances are vital (Tajikistan is one of the most remittance-dependent countries in the world – accounting for 39% of GDP in 2010.<sup>[2]</sup>) They rely heavily on external assistance. As key socio-economic and governance indicators deteriorate, both countries are prone to political instability and rising radicalism. Central Asia also has one of the fastest growing HIV epidemics in the world due to drug trafficking routes from Afghanistan passing through the region.

Tajikistan is very unlikely to achieve the Millennium Development Goals (MDGs), and education and health systems are deteriorating compared to the pre-1991 Soviet period. The relative poverty rate is 47.2%<sup>[3]</sup>, with absolute poverty at 17.5%<sup>[4]</sup>. Due to the global financial crisis, progress on the MDGs has been slow on all fronts, with risks that the limited progress made in recent years will stall. Kyrgyzstan has done better, despite a challenging political, economic and social situation, with the national poverty rate falling from 35% to 32%<sup>[5]</sup> between 2007-2009 and the economy showing steady growth. But progress in delivering the benefits of growth to the poor needs to be accelerated, and the infant, under five and maternal mortality rates remain unacceptably high.

Most poor households in the region have a high number of children and are female-headed. With many men working abroad, women make up the majority of agricultural workers in Tajikistan and Kyrgyzstan, working in low paid, harsh and exploitative conditions. Women also bear increased responsibilities for childcare, elderly relations, and running the household; as well as facing constraints in exercising their legal rights to land, property and money. A World Health Organisation Survey in Tajikistan<sup>[6]</sup> found that approximately 50 per cent of women aged 15 and older had experienced physical, psychological or sexual violence by a family member. In addition, 35 per cent of girls under 15 had reported physical violence.

<sup>[1]</sup> World Bank, World Development Indicators, 2009

<sup>[2]</sup> National Bank of Tajikistan

<sup>[3]</sup> World Bank WDI, 2009

<sup>[4]</sup> World Bank, WDI, 2009

<sup>[5]</sup> National Statistics Committee "Living standards of the population in the Kyrgyz Republic, 2005-2009"

<sup>[6]</sup> WHO Pilot Survey on violence against women in Tajikistan, 1999

### 3) Vision

#### Overview:

DFID's strategy in Central Asia requires careful assessment of our most effective role in promoting and influencing the wider development and security agendas. We have identified three main objectives: 1) to help improve the effectiveness of national and regional development actors in CA; 2) to promote wealth creation, including an improved business climate for private sector development; and 3) to promote stability, security and development through support for the development of democratic institutions, civil society groups and the media. Given our limited resources we generally seek to work through and influence the larger development players (World Bank, IFC, UN, GIZ etc) rather than establishing our own programmes. We will continue to look for innovative ways to ensure the sustainability of our investments, through collaboration with non traditional donors (like Russia) with an interest in the region, and with regional organisations.

This Operational Plan focuses on the current suite of projects that will generally be continuing for the next 2 years (2011-13). In early 2011 we will begin planning for 2013 onwards, when for reasons of impact and effectiveness we are likely to further reduce our sectoral focus areas. The current proposal is to focus on Wealth Creation, Democracy and Stability. A choice reflecting a combination of: current sectoral experience, where we feel we can have most influence in supporting regional development and security, and wider UK interests. Under Wealth Creation, we will continue to support Government reform to promote the efficient use of scarce public resources, and encourage private sector growth as a critical requirement for economic development and stability. We will also work on regional initiatives that address shared development challenges, notably trans-boundary water/energy, migration and HIV and AIDS. DFID's pan-Asia regional programme, supporting cross border trade and climate change issues, will also benefit CA.

#### Alignment to DFID and wider UK Government priorities:

There is a range of factors that impact on poverty, including the effects of regional fragility and conflict. Our Central Asia programme reflects our priority aims to address poverty, reduce fragility and help improve governance and regional security. We will also contribute to women's economic empowerment. DFID's expertise in these areas makes us confident that we can have a positive impact. We will align closely with Foreign and Commonwealth Office (FCO) and other Whitehall departments to ensure that the DFID programme supports and is supported by the UK's wider regional goals. FCO judge DFID to be highly respected as a professional and non-partisan player in the region, despite our limited resources.

#### What we will stop doing:

We will continue the process of focussing our work, so that we remove non-core activities and ensure we deliver. Specifically, we will stop:

1. support to regional humanitarian disaster preparedness (initiated in response to the 2008 winter crisis in Central Asia). Government coordination has improved and a practical Emergency Preparedness Strategy has been put in place; other donors will continue to support. In 2012 the second and final phase of our support on monitoring the risk to remote villages of flooding caused by melting glaciers will finish;
2. climate change support (we provided technical assistance to help Tajikistan secure finance from the multi-donor Pilot Programme For Climate Resilience (PPCR), which was successful in enabling Tajikistan to access up to \$50m in future PPCR funding);
3. , and by 2013, direct support to basic services delivery (eg watsan and health in Kyrgyzstan).

# 4) Results

Headline results			
Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
Governance and Security	Level of Public Financial Management Capacity in Tajikistan and Kyrgyzstan (measured through financial accountability PEFA indicator)	Budget process improves from B in 2009 (PEFA indicator 11)	to B+ in 2013 DFID attribution Kyrgyz : 51% PFM progress can be attributed to DFID investment Tajikistan: 30.75% PFM progress can be attributed to DFID investment specifically on the PFM TF. If overall wider PFM investments are taken into account 20% can be attributed to DFID
Governance and Security	Influence of citizens and Civil Society Organisations over service delivery at local level (measured through citizens' perception of budget allocation at local level)	In 2009, 26% of the population in Tajikistan considered health and education budgets to be effectively managed  In 2009, 49% of the population in Kyrgyzstan influenced debates over local budgets	By 2013, 60% of Tajik citizens will consider health and education budgets to be effectively managed DFID attribution: 100%.  By 2013, 60% of Kyrgyz citizens will influence debates over local budgets from a baseline of 49% in 2009. DFID attribution: 58%
Health	Number of nurses per 10,000 Kyrgyz population	8.6 (2006)	10 (Dec 2011) DFID attribution: donor contribution to the Swap counts for 11.6% of total government health budget. DFID share of Sector Wide Approach (SWAP) is 16.7% (Needs to be updated, awaiting information from the World Bank)

Health	Number of vulnerable people in Central Asia reached with HIV prevention services provided by the DFID project	2006 (project start date) Provision of HIV prevention services to 4,500 Intravenous Drug Users 1,065 Sex Workers MSM – no data 300 prisoners 24 ex prisoners	In 2012: Provision of HIV prevention services to 26,100 vulnerable people in Central Asia as follows: 14,500 Intravenous Drug Users *10-15% women 5,200 Sex Workers *100% women 450 MSM 4,400 prisoners 1,450 ex prisoners DFID attribution: 100%
Wealth Creation	Number of clients with access to finance (individual entrepreneurs and small/medium sized businesses) in Tajikistan	31,369 loans to individual entrepreneurs over lifetime of Zarafshan Valley initiative 2006 - 2009	DFID programme support will ensure that an additional 30,000 individuals, small/medium businesses access credit to Dec 2012 (12,000 attributable to DFID) *50% women
Wealth Creation	Numbers of new jobs created as a result of DFID interventions in Tajikistan, mainly in Sughd Province	DFID Zarafshan Development Initiative created 4,000 jobs from 2006 to 2009	By 2013, 25,000 new primary jobs and 12,000 new secondary jobs will be created. *50% women DFID Attribution to DFID is 55% therefore 13,750 primary and 6,600 secondary jobs attributable to DFID.
Wealth Creation	Number of migrants who migrate and work through regulated channels	Tajikistan: 290,000 Kyrgyzstan 90,000 (2009)	Tajikistan 320,000 Kyrgyzstan: 180,000 *30% women (by Dec 2012) DFID attribution: DFID funded programme but role of private recruitment agencies, the broader policy dialogue and other factors, will be significant and make attribution to DFID difficult to quantify precisely .

## 4) Results (continued)

Quality of existing evidence: The quality of evidence is mixed. Most of our larger programmes draw on evidence from evaluations of predecessor programmes. In some instances we commissioned DFID-funded surveys to inform project design. The design of the Rural Growth Programme, for example, used contextual data from a private sector assessment of the perceptions of business environment in Sughd Province. We have applied rigorous Value For Money (VFM) analysis (as part of new economic appraisal methodology) to ensure that the results agreed upon represent the best possible benefit measures for our projects, and are achievable with optimal costs. Jointly with our partners we do our best to ensure that our assumptions are reliable and realistic using both Government stats and project specific baseline information. Where we are not confident we use low case assumptions as part of our sensitivity analysis. Generating reliable evidence is relatively easier for wealth creation work, and more challenging in governance, where we rely on low case long term benefits. Finally we ask our partners to commit to measure these benefits by making VFM reporting a part of monitoring and evaluation (M&E).

Data sources: Monitoring data for the Health SWAP comes from a combination of routine data and surveys. For the HIV/AIDS programme a combination of project data and data from government serological surveillance is used. Both Tajikistan and Kyrgyzstan have plans for a Demographic Health Survey in 2011. In wealth creation, key sources of data include the International Finance Corporation Business Environment in Tajikistan as seen by Small to Medium Enterprises Survey (annual), and World Bank Doing Business Report, the European Bank for Reconstruction and Development (EBRD) Transition Report Indicators, State Statistical Agency provincial and National Economic data, GIZ (the German Development Agency) annual Microfinance Impact Evaluation and a comprehensive M&E strategy under the Rural Growth and Sustainable Economic Development Programmes. Governance monitoring using the periodic Public Expenditure Financial Accountability Assessments (PEFA) of World Bank for Tajikistan and Kyrgyz Republic to be repeated for final reporting; baseline and final citizen survey work indicating knowledge of and access to information about public sector budgets. The multidonor Kyrgyz health project has a strong results focus, including indicators for health outcomes as well as access to services and financial protection. A combination of routine data and surveys is used. We have some strong evidence showing good results and VFM in our programme eg under our wealth creation work we are already contributing to significant progress in regulatory reform bringing Tajikistan from the bottom of the list (186) to 139 place over just two years.

Our analysis shows that there are strong reasons to invest in various mitigation policies, enabling both countries to:

- a) improve the design of national policies to address better the needs of its citizens, the private sector and business, the socially vulnerable and the poorest;
- b) develop and widen the base of their domestic economies which will generate more jobs, based on rural private sector and vibrant financial sector (esp. microfinance)
- c) become more transparent and open, generating more private and public investments through better investment climate and better functioning public finance management policies;
- d) better regulate critically important labour migration policies, including education and skills training.

DFID will pursue strong coordination efforts to harmonize development assistance delivery mechanisms, streamline the procedures of all traditional donors and engage where possible with non-traditional donors. Failures in the delivery and impact of development assistance will increase the likelihood of these countries failing to achieve their MDG goals and leave them more vulnerable to rising global shocks leading potential instability and unrest.

## 5) Delivery and Resources

### Overview

DFID has small devolved offices in Bishkek (Kyrgyz Republic) and Dushanbe (Tajikistan). The DFID office in Dushanbe is co-located with the British Embassy.

To help ensure a coherent approach among donors and to reduce duplication of effort, most of the work undertaken by the small DFID presence in the region involves working with, or through, other donor partners. This approach helps to maintain a consistent and long term approach, allowing work to carry on even when individual donors cease their particular input. It allows sharing of good practice, and means that our partner governments can often work with donors in a group rather than more time consuming one to one meetings. DFID remains closely involved in project design and initiation, and benefits from the wider range of activity made possible through collaboration.

We are reviewing our current work, as well as streamlining our management arrangements, and as stated previously we will aim for a tighter sectoral focus as current programmes finish. This will include a sharper focus to our work with the World Bank and a reduction in the number of World Bank Trust Funds we support. We will actively participate in the common UK Government approach towards engagement in the region, and continue to work closely with FCO on issues of common interest, and with The Ministry of Defence (MoD); an example of joint DFID/FCO/MoD joint working is the Conflict Prevention Pool particularly in Kyrgyzstan. But we will also seek other opportunities, and ensure we join one another's regional policy/strategy discussions.

We have also established a very close relationship with UN Women at country level and we maintain a good dialogue with the government and other donors on gender equality.





## 6) Delivering Value for Money

**Programme :** The DFID programmes in Central Asia have integrated core VFM approaches in their forward strategies. VFM features strongly under all our main areas of activity. Illustrations include private sector savings from reduced regulatory barriers (e.g. inspections, registration – IFC calculate this is already saving businesses \$17.5m annually in Tajikistan). Our analysis shows good results: the costs of creating one job in rural Tajikistan is much lower than standard IFC data for developing countries (\$500-600 vs. \$3,500 by IFC elsewhere). And through our Public Financial Management work we are helping to establish more efficient and transparent systems to help ensure both a reduction in leakages and more efficient public sector financial management at all levels of Government.

We integrate VFM considerations (economy, efficiency and effectiveness) as core “challenges” to our partners when discussing project ideas/proposals from the outset. We work with partners to ensure they apply rigorous economic appraisal including in identifying the links between social, institutional and economic benefits, and where possible quantifying them (for example the economic benefits of migration required innovative thinking). We also ensure that VFM considerations are interlinked and make sense at all levels, including macro central level (policy improvements), with gradual and sensible translation into improved efficiency at local level (local Governments, rural SMEs and farmers):

**We foresee the following key challenges to delivering VFM :** (a) making sure that the benefits realization are captured and estimated in monetary terms in a proper and cost effective way by our partners; (b) using Government statistics and data base to confirm our assumptions and evidence; (c) our ability to generate reliable VFM analysis for intangible long term results (especially in governance and security); (d) ensuring all DFID staff make VFM considerations a priority task in programme management; (e) adhering to commercial/procurement VFM considerations within a limited and non-competitive local market

Through our programme we will continue building sustainable Government capacity to generate more reliable data at all levels, for example through our Regional Statistics Project; and GoT’s Poverty Reduction Strategy Monitoring & Evaluation framework. We also help build local think tank capacities to generate specific data at local level, and help to make the Tajik authorities more transparent in sharing their information with citizens. The CA Team Leader and Regional Economist will have specific responsibility for ensuring VFM issues continue to be given priority.

**Management** Tajikistan and Kyrgyzstan are landlocked, remote and mountainous. Relations with neighbours are fractious. This raises transport costs considerably. Air travel to, and within, the region is difficult. In addition, there are often prolonged and very cold winters, where travel is even more difficult, and in 2010 there was serious unrest in Kyrgyzstan which has had a continuing impact on programming, and causes uncertainty for 2011. The multilateral institutions tend to keep much of their staffing resource at HQ level. Communication can be difficult – for example, the World Bank HQ is some 11 hours behind Kyrgyzstan.

We will harness Corporate and Divisional financial improvement strategies and tools to ensure we have the correct systems, procedures and practice in place to drive continued improvement in financial management. We have maintained a team of high performing staff, and will continue to pay attention to cost effective learning and development. In designing new work we will work primarily through others, maintaining the quality of our programmes but doing less design work on our own. We are continuing to take a regional approach to our work both for lesson learning and because many of the key development issues are regional within Central Asia. We are also discussing closer working with FCO and other Whitehall Partners. At office level, we have continued discussions with FCO on the best use of joint facilities in Dushanbe. We are seeking to reduce our use of international consultants and build up/engage with local think tanks (Panorama, Soros / OSI). In both Kyrgyz and Tajikistan local civil society organisations have conducted baseline survey work for our programmes as part of our monitoring and evaluation processes.

## 7) Monitoring and Evaluation

### Monitoring

How: We use a mix of national and project data. Some of our projects include DFID funded data collection to provide baseline information and monitoring data. We will also ensure that our programmes report results disaggregated by sex and we will ask our partners to deliver on this too. Who: DFID staff ensure that adequate M&E frameworks for all large projects are in place and that these clearly set out processes and specify lead people for M&E activities. The main responsibility for routine monitoring falls to implementation partners. Partners, jointly with DFID, regularly monitor programme progress against logframes. Government partners frequently participate in reviews and sit on supervision boards. When: Implementation partners continuously monitor progress and regularly report to DFID against project milestones. Along with partners, DFID assesses progress against outputs and outcomes annually. What: We will monitor programme progress against key deliverables and results matrix.

### Evaluation

Planned evaluations: The majority of our large programmes have independent evaluations built in. For innovative projects evaluations are planned at a mid point to help guide future implementation. Budget, including staffing resource for evaluation: Each country office will nominate an evaluation lead from existing programme staff. With the evaluation specialist in the Asia Programme Effectiveness and Transparency team, and the Central Asia Statistics and Results Adviser, an evaluation plan for the whole CA programme will be developed. Potentially 5% of the overall programme budget will be available for evaluation purposes. Large, innovative projects will be prioritised for independent evaluations. The evaluation plan will include training to build staff understanding of evaluation principles.

### Building capacity of partners

Our on-going support to strengthen the national statistical system of Tajikistan has increased the Statistics Agency's capacity to provide reliable and timely data. In 2010 DFID also agreed to support a two year regional Participatory Poverty Assessment Programme which aims to build high quality household survey systems, strengthen analytical capacity and promote greater awareness and use of data by policy makers. Tajikistan (2010) and Kyrgyzstan (2009) have recently carried out a population census. DFID provided support to the Kyrgyz census.

DFID has embedded strong M&E mechanisms in the work of its partners in the Regional Migration Programme e.g. monthly reports, M&E internal policy document, independent collection of baseline data and planned independent impact assessment. In Kyrgyzstan our Public Financial Management Trust Fund partners worked with us to devise a monitoring and evaluation framework which followed the DFID Logical Framework template. This is now incorporated into the operational manual for the programme and is agreed by the Ministry of Finance. It has proved a valuable tool for policy dialogue between donors and with government partners.

DFID will seek to promote accessibility of information in Kyrgyzstan and Tajikistan through material on DFID, FCO and local joint donor websites; project events and media briefings for local journalists.

## 8) Transparency

Transparency is one of the top priorities for the UK Government. We will meet our commitments under the UK Aid Transparency Guarantee: we will publish detailed information about DFID projects, including programme documents and all spend above £500. Information will be accessible, comparable, accurate, timely and in a common standard with other donors. We will also provide opportunities for those directly affected by our projects to provide feedback.

We regard transparency as fundamental to improving our accountability to both UK and Central Asia citizens. We are fully committed to being transparent about UK aid spent in Central Asia, and will support the governments and other partners to become more transparent and accountable to the public.

During the plan period DFID will:

**Publish good quality, clear information on DFID programmes.** We will ensure that information is of high quality, clear and easily understandable to the public; **Allocate dedicated staff time** to ensure timely and accurate input of all relevant documentation and data. We will respond to all public enquiries on published data within ten working days;

**Publish a 500 word summary of all new programmes in the national language.** From 2011, translations of summary programme information for all new programmes will be published, ensuring wide dissemination to the public.

**Encourage Civil Society and NGO transparency.** We will encourage all non state actors who receive DFID funding to adhere to the same transparency standards. We will stipulate compliance with this as part of all new contracts.

**Support and advocate for implementation of the International Aid Transparency Initiative (IATI).** We will encourage our partners in civil society, multilateral organisations and other donors to do the same.

**Promote Government-citizens accountability:** Our public financial reform programme will help develop local civil society so that it can understand and contribute to fair and transparent government budgeting; carry out independent analysis and communication of government budgets to make them more accessible by citizens; track expenditure to make sure resources go where they are intended; hold public officials to account for mismanagement and corruption; monitor government services to ensure quality and fairness; and scrutinise public procurements for corruption.

Through our bilateral programme, we will also be supporting anti-corruption initiatives. We are supporting OECD work in Central Asia which is aimed to improve the process of cross country peer learning in the areas of legal reform, investigation and prosecution of corruption crimes, and integrity in public services; and to develop a methodological framework for diagnosis of corruption in education in the Anti-Corruption Network region. We will continue to support interventions in Tajikistan and Kyrgyzstan which address specific aspects of anti-corruption. These will include support to UNDP work with the Anti-Corruption Agency in Tajikistan around prevention and awareness raising, and support for anti-corruption initiatives in Kyrgyzstan once the political situation stabilises.