

Evaluation of DFID Country Programmes: Central Asia, South Caucasus and Moldova Region 2002 - 2007

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Introduction

1. The Regional Programme Evaluation (RPE) of DFID’s development activities in Central Asia, the South Caucasus and Moldova (CASCAM) covered the countries in these three separate localities that were managed as a single ‘regional’ group by DFID. The evaluation assessed the relevance, effectiveness, and efficiency of the programme between 2002 and 2007. In addition it sought to identify the impact and sustainability of DFID’s interventions and draw lessons for DFID within this region and in similar small, regionally managed programmes.

Context

2. Large parts of Europe and Central Asia have undergone unprecedented political, economic, and social change since 1989, when the Soviet Union began to break up. Economic collapse plunged the newly independent countries into poverty and with the challenges of moving towards more democratic models of governance gave the rationale for external support. Since 1997 DFID has been responsible for the UK’s development assistance to these countries which by 2002 had reduced, as others improved their economic position, to a small group spread across the ‘region’ with little synergy beyond the common history.

3. By 2007 the group comprised five countries – Armenia, Georgia, Moldova, Tajikistan and the Kyrgyz Republic. From a DFID perspective gaining stability, achieving Middle Income Country (MIC) status, and closure of the DFID bilateral programme has become the assumed trajectory with the two countries of Central Asia being the exceptions.

Programme Relevance

4. The evaluation period was covered by two DFID strategy papers: the Central Asia and South Caucasus

Strategy Paper and the Moldova Country Strategy Paper, both covering 2000–2003; followed by the CASCAM Regional Assistance Plan (RAP) 2004–2007. The RAP was based on sound and thorough analysis seeking common themes to link the disparate elements across the five countries. However it sought to impose an artificial sense of ‘region’ without fully addressing the underlying diversity within the group or the links that do exist especially the role of Russia in trade, investment, migration, and political influence.

5. The evaluation concludes that the five objectives of the regional strategy – governance/institutions, pro-poor growth, and conflict prevention/peace building, at country level; and HIV/AIDS, and trade/regional development at regional level – were appropriate to the problems facing all the CASCAM countries throughout the period. They set a baseline for programme delivery which proved more relevant than the regional strategic focus.

6. The objectives appear to be based on the assumption that the CASCAM countries followed a similar trajectory – from Soviet Republic to Commonwealth of Independent States; followed by a period of fragile state building, absent civil society, and economic crisis; then emerging statehood leading to MIC status. The evidence suggests that these transitions are not linear processes and countries have followed different routes. The evaluation questions whether there was a model for transition behind the RAP and what understandings informed the strategic approach.

7. The choice of interventions were judged to be more relevant and responsive becoming more ambitious and complex as confidence grew with a range of tools – the Strategic Impact Funds, project based technical assistance, joint investments, sector wide programmes, and policy influence at country level – applied thoughtfully.

8. Overall the evaluation found sound activity to output monitoring and effective project management. However the attempt to implement monitoring of the objectives at strategy level proved cumbersome and the outputs were

not used for planning or refocusing at regional level. Here again the strategic direction suffered as a result.

Effectiveness and Efficiency

9. Within the limited resources programme delivery was good. There was evidence of good partner engagement and effective performance with country teams responding well to changing objectives and priorities at country level.

10. Amongst the objectives the pro-poor growth theme was not well defined or developed and conflict prevention and peace building activity was limited to the Global Conflict Prevention Pool. Similarly neither of the two regional objectives was given priority. In part this is a function of the country focus, and in part the lack of management commitment to the regional agenda.

11. Modest in-country human and financial resources have delivered high profile and effective interventions for which DFID has gained a justifiable reputation amongst all partners. However managing a regional programme with a split between country based administrative teams, largely comprising staff appointed in country, with most programme managers and advisers based in London is not straightforward. At times the London programme management and adviser group seem to have worked independently of the in-country teams and work pressures have reduced communication across disciplines and country experience. As a consequence there has not been sufficient emphasis given to cross region learning and the development of a strong regional identity.

Impact and Sustainability

12. There is clear evidence of impact in terms of capacity building across all projects and programmes. The evaluation found significant impact in relation to public administration, financial management and planning systems. Beneficiary impact in terms of income poverty, health, AIDS was less clearly identifiable. For small scale programmes operating in challenging contexts achieving such impacts at scale is overambitious and more specific and targeted gains are more relevant.

13. The evaluation questioned the degree of adherence to Paris principles in such small programmes where there not wide donor involvement. A more pragmatic approach with trade-offs in favour of project level impact, individual donor accountability, and DFID wide priorities may have been more efficient and realistic given the timescale.

14. Sustainability is the biggest issue facing a programme with so much graduation in process. Ambitious programmes and consultants' desire for extensions detract from the imperatives of closure. More attention is required on influencing future donor partner programmes and Government policy. Scaling up for graduation requires more administrative resources to concentrate effort on ensuring continuity and the policy focus rather than more project level activity.

Lessons and Recommendations

15. The key **strengths** identified were the excellent practice at country level and the project management skills in London and within country teams, the country led approach grounded in the alignment principle of responding to partner government led agendas and the honest and open relationships developed with governments and development partners. The main **weaknesses** that emerged were the emphasis on project based programming that resulted in the synergies, lesson learning and complementarities not being fully developed, with country level developments being retro-fitted into the RAP rather than a strong regional strategic direction being set.

16. The major lessons drawn from the CASCAM programme include:

- In small country programmes a **strategic mix of interventions** is the most effective way of delivering aid including access to **small scale, flexible, strategic resources**.
- **Locally appointed staff can be very effective professionally and are cost effective but they need consistent support and supervision if these benefits are to be optimised.** Direction and delegation of authority can be undermined if approaches to working with local staff are not consistent.
- **Small in-country teams are cost effective and deliver significant impact.** Such teams can have greater potential than UK based teams given the capacity to work flexibly, responding to local demands. This requires **sensitive** and effective management support from colleagues in London.
- **In emerging/young democracies** support for civil society to develop systems, processes and skills for accountability and responsiveness in service delivery and wider governance processes requires more sustained investment
- **Conflicts are local and specific; regional approaches are not always relevant.** More local (sub-regional) analysis, integrated planning, and coordination around specific country level inputs would be an asset.

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17. Recommendations for DFID include the following:

- **...to improve the management of graduation and exit**
- To fit with programme cycles and ensures effective resource management **country offices** should begin the

graduation process and exit strategy at least three years in advance with more emphasis given to engagement with Government.

- As graduation approaches *senior managers* should maintain/increase the level of investment so that *country offices* can address policy level continuity, linkages with future multilateral projects/programmes, and high profile exit vehicles.
- *Senior managers* should strengthen, mandate, and support *country offices* to focus on the graduation process as a priority. They should be proactive in using their links with multilaterals and other DFID entry points to support the process.

...to improve graduation policy

- Strengthen the capacity and targeting of policy advocacy towards multilateral institutions to ensure continuity of support to middle income countries when bilateral programmes close.
- Acknowledge that poverty is multi-dimensional and that the level of national income alone is not representative of a country's state of development. Graduation strategy should be adjusted accordingly to take into account MDGs and DFID's overall recognition that poverty is a multidimensional problem.

...to support work with MICs and small country programmes

- A wider range of policy/impact indicators should be developed to track progress as a country approaches MIC status including income poverty, inequality, civil society development, democratisation and participation.
- Take a strategic and flexible approach utilising small scale investments and project level opportunities that have clear and specific impact, use partnerships to effectively maximise investment, avoid budget support or large technical assistance projects unless there is enough guarantee that such interventions will support greater efficiency and effectiveness.
- Develop simple output based monitoring systems for regional strategies, learning lessons from the CASCAM monitoring framework, integrating them with other reporting cycles related to the Directors Development Plans and Public Service Agreements, with lines of accountability clearly defined.

....to enhance management of the CASCAM region

- The *programme managers* should focus on preparing for the transition (through linkages with the World Bank and European Commission) and policy continuity in Georgia and Armenia, rather than just the practical aspects of project administration and office closure; resourcing the *country team* to deliver the sustainability of DFID's contribution at objective

and strategic level not just the effective closure of project interventions.

- The *programme manager* should revise the Moldova graduation/exit plan with a stronger focus on strategic engagement, the continuity of DFID objectives and sustainable investment through multilaterals.
- The *team leader and country teams* should develop a strategy for the continuity of the programmes in Tajikistan and the Kyrgyz Republic taking account of the fragile state context and the sub regional linkages in addition to the pro-poor country led model that has been established.
- *DFID* should ensure that a *sub-regional coordinator* is appointed to oversee and monitor conflict within CASCAM as part of the GCPP implementation.

Management Response

18. We welcome the main findings of this evaluation and they have already influenced our planning in the Europe and Central Asia region. In particular we welcome the confirmation that our programme objectives were relevant to the countries covered, and that the quality and impact of our programme management and country level work are high. We are pleased with the confirmation that we have maintained strong and open relationships with governments and partners, and also across Whitehall. This is reflected in examples of policy influencing and joint working. The report also confirms the value for money of our relatively small programmes using modest programme and human resources.

19. The report's comments that the concept of a CASCAM RAP region was aspirational are fair. These countries are separated by large distances and political and cultural contexts. But they face similar challenges in terms of building effective states and moving towards functioning market economies. Hence the shared objectives were appropriate. However the programme was not truly regional in its approach and we agree that that the RAP Monitoring Framework was over-ambitious. Looking beyond the RAP period, we are developing new strategies in Moldova and Central Asia which take account of the lessons learned from this evaluation as well as some key recommendations.

20. The report provides useful advice on country graduation issues. We accept that the emphasis as graduation approaches should be on programme sustainability and working closely with donor partners. We agree that programme management issues should not dominate preparations for graduation, although in practice there is not necessarily a rigid distinction. Since the evaluation we have made encouraging progress in Armenia on this issue and are working to ensure similar success stories elsewhere.

21. We do not accept the observation that graduation decisions were dominated by progress towards MIC

status. DFID has a corporate commitment to spend 90% of its money in Low Income Countries (LICs). When a country is approaching MIC status, we make judgments over whether UK bilateral support should continue. We consider a range of indicators, including governance, social dimensions, comparative advantage and other donor activity, particularly the multilaterals.

22. We also believe that the lead-in time for graduations should be decided on a case by case basis and we do not accept that resources should automatically increase in the run up to graduation. What we increasingly try to do is ensure that our existing staff strike the right balance between managing the administration of exiting and managing relations for sustainability.

23. We consider the comments that we ignored Russia's regional impact to be overstated. Some attempts were made to address this issue but we accept that progress was limited. We have since refocused our attention on this agenda via our new approach to our partnership with Russia.

24. The report's comments that we neglected the RAP's pro-poor growth objective does not take full account of our work in the region. For example, we are supporting regional development programmes in all five countries. These aim to promote growth in more deprived areas. The report does not take full account of our work with the European Bank for Reconstruction and Development (EBRD) in the region either. For example, we actively support the EBRD's Early Transition Countries Initiative which promotes private sector development in all CASC countries.

25. We would have liked the report to have said more about our strategies for increasing our engagement with the European Commission to promote aid effectiveness. This is central to our approach in the European Neighbourhood countries in particular.

26. We accept that we have not implemented the original RAP objective of mainstreaming HIV/AIDS in all our programmes. This is because we took a decision to focus on Central Asia where the epidemic is fastest growing and where key sections of the population can be targeted. Similarly the RAP trade objective was not pursued because early in the RAP period we concluded we did not have a comparative advantage in this area.

27. We are currently developing a new strategy for Central Asia, taking account of fragile states contexts and sub-regional linkages. We have already strengthened our in-country staffing and devolved the management of our programmes from London to country offices in support of this.

28. The report's recommendation for a sub-regional conflict coordinator is already being taken forward in the South Caucasus through the Conflict Prevention Pool mechanism.

29. The report makes a number of recommendations for Middle Income Countries and small bilateral programmes which are helpful. We endorse the recommendations on small scale strategic impact funds and the building of partnerships. The report advises against budget support and large TA programmes in small countries. We acknowledge the need for caution, although we have found that this can sometimes be a useful way of engaging with key reform programmes and in developing constructive relationships with the multilaterals. We also recognise the need for caution in becoming too involved in promoting aid effectiveness principles, especially where staffing resources are limited. However, donor harmonisation is at the heart of our approach in Central Asia, in line with fragile states working.

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