

EVALUATION OF DFID COUNTRY PROGRAMMES

COUNTRY STUDY: Brazil 1997–2003

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July 2004

The opinions expressed in this report are those of the authors and do not necessarily represent the views of the Department for International Development.

ACKNOWLEDGEMENTS

This report has been prepared by a team consisting of Michael Flint, Mary Underwood, Tim Ruffer and Wellington Almeida. A background paper on Brazil was prepared by the Instituto de Estudos Socioeconômicos (INESC).

A list of people consulted is given at the end of the document. The team is deeply grateful for the time that so many people have devoted to engaging with the evaluation, particularly at such a difficult time for the programme.

Oxford Policy Management

TABLE OF CONTENTS

Acknowledgements	i
Table of Contents	iii
Preface	v
Aconyms and Abbreviations	vii
Executive Summary	ix
1. Introduction	1
2. Context	3
3. Strategy	9
4. Programme	17
5. Process, Organisation and Management	25
6. Outcomes	37
7. Conclusions and issues	43
Appendix A: List of Projects Reviewed	47
Appendix B: Methodology of the Evaluation	49
Appendix C: People Consulted	53
Appendix D: Brazil's Progress Towards the Millennium Development Goals	55
Appendix E: Treatment of Mainstream Issues in the DFID Strategies	57
Appendix F: DFID Country Strategy Objectives	59
Appendix G: The Strategic Impact Fund (SIF)	61
Appendix H: Analysis of POMs and PAMs	63
Appendix I: Project Portfolio by Sector	67
Appendix J: Perceptions of DFID as Donor/Partner	69
Appendix K: Analysis of Behavioural Characteristics	71
Appendix L: Extract from DFID Revised Annual Plan 2003/04	73
Appendix M: Project Scores	75
Appendix N: Actions Recommended by the 2001 CSPR	79
Appendix O: Summary of Project Goals and Purposes	81

LIST OF TABLES

Table 1: Top ten donors' net oda to Brazil in 2000	6
Table 2: Brazil—DFID country programme expenditure 1997/8–2002/3	19
Table 3: Spending by Sector measured by total project commitments	19
Table 4: Spending by Policy Objective Marker (POM) as measured by total project commitments	20
Table 5: Spending by Poverty Aim Marker (PAM) as measured by total commitment by project	20
Table 6: Features of partnership with different levels of government	27
Table 7: Summary of Project Performance Scores (percentage of projects)	37
Table 8: Examples of Project Contributions	40

PREFACE

This evaluation of DFID's Brazil Country Programme is a component of a three country pilot evaluation exercise designed by DFID's Evaluation Department in 2003. The pilot exercise, which also included studies of the Cambodia (**Report EV 654**) and Romania (**Report EV 655**) programmes, was developed to address a gap in DFID's evaluation coverage and to respond to a growing demand across DFID for systematic lesson learning at the country level. A further report (**EV 652**) summarises the findings of the three country pilot country programme evaluations (CPE) and makes recommendations for how CPE should be taken forward within DFID.

The programme had two specific aims:

- 1) to develop appropriate approaches and methodologies for the evaluation of DFID programmes at the country level;
- 2) to assess the relevance, appropriateness, efficiency and effectiveness of the DFID country programme in achieving intermediate development impacts.

Inclusion of the Brazil country programme in the pilot study was, in part, due to the desire of the DFID's country team to draw upon evaluation findings in the preparation of a new country plan scheduled to occur during 2003–2004.

The evaluation covered the period 1997, the formation of DFID as an independent government department, to 2003.

The study was managed by Arthur Fagan and Lynn Quinn of Evaluation Department in conjunction with the appointed study consultants Oxford Policy Management (OPM).

Preparatory work started in June 2003 with an initial visit to Brazil taking place during November. The main in-country activity was undertaken from 8–19 December 2003, this being followed by a series of interviews with key personnel in the UK. Analysis of data gathered and preparation of the draft evaluation report was concluded in July 2004.

In accordance with EvD policy, considerable effort was expended in communicating lessons learned throughout the evaluation process. In support of this, the study team formed a Core Learning Partnership intended to bring together DFID personnel, Brazilian government officials, representative of multilateral and bilateral donor partners, national project partners as well as relevant national and international development consultants. Following preparation of the draft report, all stakeholders were encouraged to provide comment on the document. The consultation process concluded with a seminar in London during July 2004, following which a number of factual corrections were made to the report text.

Key study conclusions were:

- the programme had been relevant, both to Brazil's priorities and to DFID's policies, and had been responsive to changes in both. The programme had moved away from stand-alone projects to a more programmatic and strategic way of working;
- the programme's work on partnership was innovative, had improved relationships with partners and was highly relevant to DFID more widely. The continuity of effort in building and maintaining relationships through a period of great uncertainty within DFID has been particularly creditable. The DFID office nevertheless recognises the gap that exists between the principles and practice of partnership, where DFID is sometimes seen as unilateral, abrupt and high-handed;
- DFID worked hard to reflect the principles of participation, inclusion and reciprocity in the planning and monitoring of projects, which resulted in a significant improvement in the quality of project-level monitoring and evaluation. This has been important for the programme both in terms of the development of trust between partners and for joint learning. This was recognised and appreciated by all of the partners consulted. Consequently project performance was been good, with the majority rated as largely successful or better;
- DFID has a high reputation for the technical and personal qualities of its staff, TCOs and consultants. Consultations indicate that DFID was, until November 2003 at least, one of the most highly regarded development cooperation agencies in Brazil. However, it was perceived that, compared to other donors, DFID appeared to be constantly changing its mind about what it wanted to do in Brazil.
- problems arose with the re-engineering of environmental/natural resources projects to incorporate a stronger poverty focus. This resulted in damaged relationships with project partners, largely arising from their perception that the changes undervalued what had previously been achieved. While it was appropriate for DFID to re-orientate its programme over time, a more gradual approach, within the framework of a transitional strategy, might have been preferable. The process of change was poorly managed and communicated;
- while in recent years there has been a number of promising initiatives involving multilateral agencies, the effectiveness of DFID's earlier engagement with multilateral agencies (particularly the World Bank and IDB) was limited by the lack of a clear strategy for such engagement.

M.A. Hammond
Head, Evaluation Department

September 2004

LIST OF ACRONYMS AND ABBREVIATIONS

ABC	Brazilian Cooperation Agency
CLG	Core Learning Group
CAP	Country Assistance Plan
CAS	Country Assistance Strategy, WB
CIDA	Canadian International Development Agency
CSP	Country Strategy Paper
CSPR	Country Strategy Performance Review
DETR	Department of Environment, Transport and Regions, UK
DFID	Department for International Development, UK
DTI	Department of Trade and Industry, UK
EC	European Community
EMBRAPA	Brazilian Agricultural Research Company
EvD	Evaluation Department, DFID
FCAP	Faculty of Agricultural Science, Belém
FCO	Foreign and Commonwealth Office, UK
FRMP	Forest Resource Management Project
GDP	Gross Domestic Product
GEF	Global Environment Facility
GESPAN	Participatory Management of Natural Resources at Municipal Level
GESPAR	Participatory Management for Local Development
GoB	Government of Brazil
GTZ	Society for German Technical Cooperation
IADB	Inter-American Development Bank
IBAMA	Brazilian Institute for the Environment and Renewable Natural Resources
IFI	International Financial Institution
INESC	Instituto de Estudos Socioeconômicos
JICA	Japan International Cooperation Agency
LACAD	Latin America, Caribbean and Atlantic Department, DFID
LAD	Latin America Department, DFID
M&E	Monitoring and Evaluation
MARE	Ministry for Federal Administration and State Reform
MERCOSUR	Southern Cone Common Market / Mercado Comœn del Cono Sur
MDG	Millennium Development Goal

MIC	Middle Income Country
MoU	Memorandum of Understanding
MMA	Ministry of the Environment, Water Resources and the Legal Amazon
NGO	Non Government Organisation
NRPIM	Natural Resources Project Identification Mission
NRPP	Natural Resources Policy Programme
ODA	Overseas Development Administration
oda	Official Development Assistance
OPM	Oxford Policy Management
OPR	Output to Purpose Review
PAM	Poverty Aim Marker
PARP	Policy and Resource Plan
PNE	Plantas do Nordeste
POM	Policy Objective Marker
PPG7	Pilot Programme to Conserve the Brazilian Rain Forest
PRISM	Performance Reporting Information System for Management
ProUFRA	Institutional Strengthening of Universidade Federal Rural da Amazonia
MIC	Middle Income Country
SIF	Strategic Impact Fund
TCO	Technical Cooperation Officer
TCU	Brazilian Court of Audit
UK	United Kingdom
UN	United Nations
UNIFEM	United Nations Development Fund for Women
WB	World Bank
WTO	World Trade Organisation

EXECUTIVE SUMMARY

S1. This is the report of an evaluation of the Department for International Development (DFID) country programme in Brazil. The evaluation forms part of the wider Country Programme Evaluation study that is currently being undertaken by Oxford Policy Management (OPM) on behalf of the Evaluation Department (EvD) of DFID. The wider evaluation project has two aims: (i) to prepare evaluations of DFID programmes in three countries (Brazil, Cambodia, and Romania); and (ii) to develop appropriate approaches and methodologies for the evaluation of DFID programmes at the country level. The evaluation of the Brazil programme was conducted in the period November 2003 to January 2004, and followed a 'lighter' approach than was used in Cambodia and Romania.

S2. The evaluation covers the period from 1997–2003, during which time DFID's recorded expenditure in Brazil rose from around £7 million in 1997/8 to £12 million in 2002/3, or £47 million in total over the evaluation period. The UK is the fifth largest donor, excluding the International Financial Institutions (IFIs), but provided only around 3% of the US\$322 million of official development assistance (oda) disbursed in 2000.

Main Findings

S3. The climate for UK-Brazil development cooperation improved significantly over the evaluation period. The degree of synergy between the two governments, and between their development priorities, increased still further with the advent of the Lula administration in 2003. Addressing inequality and poverty are central themes of the Brazil Government's policies. Brazil is a key regional and global partner for DFID and the UK Government more widely.

S4. The programme in Brazil had for some time been seen as slightly marginal to DFID, with an uncertain future. This partly explains why the arguments over the country strategy been so long drawn out. Tensions between the environmental focus of the programme and an interpretation of DFID's central objective of poverty reduction led to a hiatus in decision making shortly after the 1998 Country Strategy Paper was published. The new Country Assistance Plan was only approved in principle in late 2003, and was then immediately rendered redundant by the cuts to the bilateral country programme in Brazil (and other programmes in Middle Income Countries) in November 2003.

S5. This strategic uncertainty has been damaging. While the programme used the draft country strategy produced in 2001 as a guideline, the lack of an approved strategy or plan meant that there was no agreed and approved focus for the programme, and no agreed and approved criteria for the identification of new initiatives. This increased the scope for internal argument within DFID, and decreased the incentive for wider teamwork. It hindered communication with partners, both government and donor, and increased the uncertainty about DFID's commitment to Brazil.

S6. The programme has been relevant, both to Brazil's priorities and to DFID's policies, and has been responsive to changes in both. New areas of social and governance work have been developed, and the programme has moved away from stand-alone projects to a more programmatic and strategic way of working. However, the evaluators consider that

the attempt to re-engineer existing and planned environment/natural resources projects was a mistake. It damaged relationships, undervalued what was being achieved, and diverted staff time away from developing the new areas of work. While DFID was right to re-orient the programme over time, a more gradual approach (and a transitional strategy) might have been preferable. The change process was poorly managed and communicated.

S7. While there have been a number of promising initiatives involving multilateral agencies in recent years, these have been strongly driven by global and regional DFID policy towards multilaterals. The evaluators are not convinced that working with IFIs/multilateral agencies in the context of a bilateral programme is as effective a way of achieving influence and pro-poor change in Brazil as working directly with the appropriate Brazilian partner.

S8. The programme's work on partnership has been innovative, has improved relationships with partners, and is highly relevant to DFID more widely. The continuity of effort in building and maintaining relationships through a period of great uncertainty within DFID has been particularly creditable. The DFID office nevertheless recognises the gap that exists between the principles and practice of partnership, where DFID is sometimes seen as unilateral, abrupt and high-handed.

S9. DFID has worked hard to reflect the principles of participation, inclusion and reciprocity in their monitoring of projects, and the quality of project-level monitoring and evaluation has improved significantly. This has been important for the programme both in terms of the development of trust between partners and for joint learning. This was recognised and appreciated by all of the partners consulted.

S10. Project performance has been good, with the majority rated as largely successful or better. DFID has a high reputation for the technical and personal qualities of its staff, technical cooperation officers (TCOs) and consultants. Consultations indicate that DFID was, until November 2003 at least, one of the most highly regarded development cooperation agencies in Brazil. However, it was perceived that, compared to other donors, DFID appeared to be constantly changing its mind about what it wanted to do in Brazil.

S11. Programme-level monitoring has also improved, but probably less, in the main because it is intrinsically more difficult. Assessment of programme level performance has been made very difficult by the lack of a framework of objectives, targets and indicators in all the country strategies and plans produced to date. The draft 2003–5 Country Assistance Plan contained a matrix of objectives, outcomes and initiatives, but lacked effective indicators.

Issues

S12. The evaluation of the Brazil programme since 1997 raises five issues for DFID. It suggests that there is a need for the following:

- i. a clearer, integrated framework of objectives and monitorable indicators in country/regional plans in order to be better able to monitor and evaluate **country programme performance**

- ii. a careful analysis of the potential and modalities of working with different **multilateral agencies** in a large middle-income country context, through the country bilateral programmes, and a better institutional understanding of these agencies
- iii. a more considered balance between the merits of **continuity and change** in country programmes. While change may be necessary and desirable, constant and over-rapid change is inimical to long-term commitments and relationships
- iv. **change** needs to be explicitly (and better) managed. A change vision and strategy needs to be clearly defined and well communicated; change leadership and commitment built; and change plans implemented and monitored
- v. corporate policy and guidelines are needed governing how DFID's relationships with **development partners** should be conducted, managed, and eventually ended.

1. INTRODUCTION

1.1 This is a report of the Department for International Development (DFID) programme in Brazil covering the period May 1997 to November 2003. It forms part of a wider project of Country Programme Evaluation (CPE) currently being undertaken by Oxford Policy Management (OPM) for the Evaluation Department (EvD) of the Department for International Development (DFID). The study involves evaluation of three DFID country programmes (Brazil, Cambodia and Romania) and will lead to the production of an integrated report synthesising results, and drawing conclusions about appropriate methodologies and other issues for country programme evaluation in DFID.

1.2 Fieldwork for the evaluation began in November 2003 with an initial scoping visit to Brazil by two members of the team. The main evaluation visit took place in the period December 9–18. The November visit coincided with the announcement of major cuts to the DFID bilateral programme in Brazil. As a consequence, it was agreed with the country team that the evaluation period should be extended to November 2003¹ to allow this event, and the reaction to it, to be taken into account. It further agreed that, as a result of the cuts, the evaluation should take a more focused and ‘lighter’ approach than was originally envisaged, and with less consultation with partners, and less cross-checking of sources, while still addressing the main evaluation questions required by the overall evaluation terms of reference. The team accordingly focused on six main issues agreed as being of most value for DFID:

- the management of change within the DFID programme and projects
- how DFID has worked with, and related to, multilateral agencies
- monitoring and evaluation at project and programme level
- support for Brazil’s regional and international role
- the DFID HQ–DFID Brazil relationship
- the evolving political, social and economic context in Brazil, and DFID’s response.

1.3 A small purposive sample of ‘focus’ projects and initiatives (current, completed and planned) were selected to explore these and other issues, and discussions were held with a range of project staff, TCOs, consultants, and partner institutions. Short visits were made to Belém and Recife for this purpose. A short visit was also made to Palmas as part of a case study of the Tocantins Cerado project.

1.4 As well as the focus projects, desk reviews were initiated on the largest 20 activities that account for 75% of DFID expenditure during the 1997/8–1999/2000 and 2000/1–2002/3. The list of these ‘75%’ projects, plus a list of the ‘focus’ projects referred to above, is at Appendix A. Major documents for these projects, and for the programme as a whole, were collected and reviewed. Two additional working papers were commissioned as part of the evaluation: a paper by INESC covering the social, political and economic context in Brazil, and a paper by Wellington Almeida covering the role of multilateral agencies in Brazil.

¹ The nominal end point of the evaluations in Romania and Cambodia is April 2003, although account is also taken of more recent developments in both reports.

1.5 Discussions were held with all the DFID staff in Brasilia, as well as with ABC, the British Embassy, bilateral and multilateral donors, and International Financial Institutions (IFIs). Meetings were also held during both visits with the Core Learning Group (CLG) established to provide local feedback to the evaluation. In total three weeks were spent in Brazil, split between two visits. A fuller description of the evaluation methodology can be found in Appendix B. A list of persons and institutions consulted is at Appendix C.

1.6 A major challenge for the evaluators has been to prevent the events of November 2003 from dominating the evaluation or unduly colouring the conclusions. While it would have been unrealistic and artificial to have ignored the implications of the major cuts to the bilateral programme in, it was equally difficult to engage with DFID staff and partners without this impinging on discussion. It is therefore important to stress that, in the judgment of the evaluators, the main conclusions of this report are justified by the experience of the programme prior to November 2003. Recent events have strengthened some of the conclusions, not prompted them.

1.7 The remainder of the report is structured as follows. Section 2 discusses the context (in terms of Brazil's development challenges and policies, and overall DFID policy) within which the DFID programme has been formulated and implemented. Section 3 analyses DFID's strategy towards Brazil. Section 4 examines the evolution of the country programme and its relevance to the strategy objectives. Section 5 focuses on processes of partnership, ownership, and DFID's management. Section 6 assesses the outcomes of the programme. Section 7 presents initial conclusions and highlights major issues emerging from the evaluation.

2. CONTEXT

What was the context within which the country programme was planned and implemented?

Political and economic background

2.1 Brazil is economically and physically the largest country in Latin America. It is also the fifth largest country in the world in terms of land area and population, and the ninth largest in Gross Domestic Product (GDP) terms. It is characterised by extreme regional, ecological, cultural, social and economic diversity.

2.2 With a population of around 170 million and a GDP of around US\$500 billion, Brazil is classified as an upper middle-income country. But, while the poverty rate has fallen sharply since economic stabilisation in 1994, it remains at around 30%. Partly because of persistent and high income inequality, it still has over 40 million people living on less than US\$2 per day, and nearly 20 million living on less than US\$1 per day. While these figures are the matter of some dispute, this is roughly similar to the number of people living on less than US\$1 per day in Indonesia or Ethiopia.

2.3 The last decade has seen stronger government and far-reaching economic reforms. The Cardoso administration (1995–2002) implemented a partially successful programme of economic reform and fiscal stabilisation, and oversaw significant social progress. However, recent economic growth has been limited and the economy remains vulnerable to external shocks. The new Government elected in October 2002 led by President Lula da Silva has maintained a strong commitment to macro-economic stability while seeking to achieve more equitable growth and more rapid social progress.

Development policies

2.4 Over the past 20 years, there has been a steady deepening of democratic norms in Brazil. Popular representation has been widened, as a result of both the expansion of the number of voters since the 1988 Constitution came into force, and the strengthening voice of civil society. This has translated into both increased emphasis on equity in government policy and growing efforts to create the conditions for equality of opportunity, as demonstrated by the increasing awareness of successive governments of the need to adopt gender and race-specific policies. The creation of ministerial-level offices to deal with the rights of women and with racial equality, together with the adoption of affirmative action policies, are examples of this development. The education and health sectors have been radically realigned to allow for more efficient provision of services in the context of decentralised government and efforts have been made to expand essential services, such as education and health, to lower income groups.

2.5 The Real Plan, which was introduced in 1994, was successful in stabilising the economy and bringing inflation down from over 2,000% in 1994 to 7% in 1997. Once the macroeconomy was brought under control, a series of cabinet reshuffles in the late 1990s consolidated a broader strategy of coalition government. The new cabinet was more progressive and more committed to addressing structural issues. Medium-term consolidated fiscal planning became a priority of central government, resulting in the design of the

Plano Pluri-Annual (PPA), which identifies the reduction of social inequality and regional disparities among its key priorities. Project management techniques were strengthened, results-focused planning was centralised and e-government innovations were introduced.

2.6 Throughout the evaluation period, decentralisation has remained a focus of the government's reform agenda. This has devolved decision-making on investment, service provision and recurrent budgets to the local level. The passing of the Fiscal Responsibility Law in May 2000 provided the necessary legislation to enforce accountability and fiscal control and prevented state governments from defaulting on their debt payments to the union.

2.7 However state and municipal governments remain highly dependent on federal transfers due to their limited capacity for revenue generation and face challenges relating to their capacity to deliver on their increased mandate resulting from the decentralisation process. Enabling the poor to articulate and claim their rights and help government to respond by supplying effective services remains a major challenge. There has been an increasing uptake of participatory budget processes, particularly at the municipal level, but local councils often lack the resources required to make these processes effective.

2.8 Since the change in administration in 2002, the Lula Government has continued to set the conditions for macroeconomic stability, whilst placing greater emphasis on tackling inequality and social issues. The economic policy agenda is structured around key objectives of: reduction of external vulnerability through export promotion and strengthening of the internal market; promotion of growth associated with creative social policies; approval of a tax reform that reduces the tax burden on production; reform of the social security system; reform of the labour laws; and adoption of programmes to fight hunger. On broader terms, the goal of the administration is oriented towards the universalisation of social citizenship and the deepening of political democracy.

2.9 Reforms are being introduced to ensure that by 2007, every Brazilian child will complete primary education at an acceptable level of academic achievement. Other significant programmes are under way in health; social security; agrarian reform; enhancing transparency, accountability and effectiveness of government; and supporting sustainable environmental development.

Development challenges

2.10 Brazil's basic social indicators have improved steadily over the last 25 years, and faster than in most other countries with similar income levels in the last decade. Between 1990 and 2000, Brazil gained eight places in the UN Index of Human Development ranking. Infant mortality has fallen by more than a third from 48 per 1,000 live births in 1991 to less than 30 in 2000; life expectancy has increased to 68 years; basic school enrolment was over 97% in 2002; and vulnerable groups are more effectively protected. Appendix D presents recent data on the Millennium Development Goals (MDGs) for Brazil.

2.11 Despite these social improvements, poverty and inequality remain a major challenge. Brazil's income inequality remains among the world's highest, with both the richest 1% and the poorest 50% each accounting for 10% of national income.² Regional inequality is

² The Gini coefficient is 0.59.

marked. The south and south-east together account for 61% of the population and 76% of the GDP. Poverty on the other hand is heavily concentrated in the north-east, where over half of the poor are located.

2.12 But Brazil's poverty profile is changing. While the poverty rate is higher in rural areas (at 53%), rural poverty rates have been falling. By contrast, poverty levels in the urban areas of the south-east have been increasing, and there is now a concentration of poverty on the outskirts of Brazil's largest cities. Poverty rates have risen for the young, and remain higher for the unemployed, those with low education, and for indigenous and black populations. A key development challenge is social inclusion and social equity, particularly inequalities relating to race and gender.

2.13 Several other distinct, but related, development challenges can be identified:

- A high rate of urbanisation (81% in 2000). This has produced peripheral urban clusters with poor services and environmental conditions.
- The slow process of agrarian reform.
- A recent increase in deforestation in the Amazon.³ Land conflicts, and invasions of Indian lands, continue.

2.14 On the plus side, there has been a significant strengthening of social movements and Non Governmental Organisations (NGOs) over the last 20 years, and an appreciation by the Lula administration of the importance of organised civil society. Notable initiatives include movements on land, hunger, indigenous peoples' rights, gender, race, HIV/AIDS and the environment.

Brazil's regional and international role

2.15 Over the past decade, Brazil has emerged as an increasingly important player, both regionally and internationally. Due to its large size, performance in Brazil will have important implications for sustained poverty reduction in neighbouring countries. It is an important hub for public policy innovation, lesson learning and regional partnerships in areas, such as agriculture, natural resource use, HIV/AIDS, and social equity. Examples of how Brazil is taking forward this role include the cooperation agreements signed in November 2003 with South Africa, Namibia, Sao Tome, Guinea Bissau and Mozambique amounting to US\$200 million, in the areas of agriculture, education, HIV/AIDS and oil; and the 20 HIV/AIDS international cooperation projects currently being delivered by the Brazilian Government.

2.16 Brazil is a strong supporter of economic and political integration in the region, through MERCOSUR where it is the dominant power, as well as through the Amazonian Cooperation treaty and the Latin American Integration Association. This approach to integration aims to encompass everything from common political initiatives, to international trade and the integration of power lines, gas pipelines, roads and access to ports.

³ 25,400 sq. km. in 2002 compared to an average of 18,480 sq. km. for 1993-2002 (p.15, World Bank CAS 2003-2007).

2.17 Linkages outside the region are also strong—Brazil has close historical ties with Africa, and is developing increasingly strong links with other large developing and middle-income countries. These links are broad and include strengthening economic ties, particularly through trade; an increasing recognition of common interests between Brazil and other key developing countries in international fora (including the UN and WTO), and the power of negotiating alliances to achieve shared objectives; and the recognition of common concerns in social issues, including inequality, race and HIV/AIDS and benefits of sharing knowledge and experiences in tackling these issues.

2.18 At the multilateral level, Brazil sees the reform of the UN Security Council as an important step towards reinforcing its representation and legitimacy and has recently received important public endorsements (including from the British Prime Minister) for this agenda. It was also one of the leading countries in the G20+ group of developing countries that powerfully aired their dissatisfaction with the status quo in the WTO negotiations. Brazil sees itself as a key voice for developing countries and has taken the lead in arguing that development issues should be given higher priority on the international agenda. It is becoming increasingly activist in seeking international institutional change and is establishing alliances to increase its leverage.

2.19 Last but not least, Brazil is of major environmental importance. It is one of the most biodiverse countries in the world, containing perhaps 20% of the total number of species. This, and the presence of key environmental habitats such as the Amazonian and Atlantic coastal rainforests, gives Brazil a globally important status and role. Brazil is a significant player in international environmental fora.

Role of donors

2.20 There are no external mechanisms for donor coordination in Brazil, and there is no Consultative Group process. In financial terms the volume of external assistance is extremely small relative to the size of Brazil's economy. Total net official development assistance (oda)/oa was US\$288 million or 0.1% of GNP in 1994. Net oda receipts have fluctuated somewhat since then but have averaged around US\$300 million per year. Table 1 below lists the top ten donors in 2000 (the mid-point in the evaluation period).

Table 1: Top ten donors' net oda to Brazil in 2000

Donor	Net oda (\$ US millions)
Japan	170
Germany	50
France	24
EC	17
United Kingdom	10
Spain	6
Belgium	5
Canada	3
UNTA	3
Norway	2

2.21 While extremely small in macro-economic terms, bilateral external assistance is not insignificant. Both the Cardoso and Lula administrations have recognised the importance of fiscal discipline and the control of public expenditure and debt. Loans from the international financial institutions require a national counterpart contribution of up to 50%. Grants from bilateral donors do not and, given the constrained public finances, can therefore provide significant additional funds for individual national or state institutions.

2.22 The World Bank (WB) and the Inter-American Development Bank (IADB) both have very large lending portfolios in Brazil with annual commitments of around US\$1.5 billion each. Though these are large programmes, they are small relative to the size of the economy. WB lending is about 0.4%⁴ of GDP and less than 4% of external financing. IFI loans do, however, constitute a much more significant share of public investment.⁵

2.23 As well as finance, multilateral agencies are recognised as having contributed significant technical support, and for providing the impetus for agendas that are difficult to progress if they rely only on domestic support (e.g. human rights and the environment). However, there has been some criticism both of the conditions that they have attached to their loans and of the negative environmental impacts of some of the large programmes they have supported in the past (e.g. PLANAFLORO in Rondonia and PRODEAGRO in Mato Grosso).

Assessment

2.24 The climate for UK-Brazil development cooperation improved significantly over the evaluation period. Under the Cardoso administration income inequality, poverty, human rights and race rose up the political agenda. Considerable resources were allocated to the social sectors, and efforts were made to improve the targeting and quality of services for the most vulnerable. Stronger macro-economic and fiscal management provided a stable platform for bilateral technical cooperation. The two governments were increasingly talking the same language.

2.25 The degree of synergy between the two governments, and between their development priorities, increased still further with the advent of the Lula administration in 2003. Addressing inequality and poverty are central themes of the Brazil Government's policies, together with a commitment to macroeconomic stability and fiscal discipline. Brazil's considerable influence in MERCOSUR and Latin America, and its search for stronger international relationships, has made Brazil a key regional and global partner for DFID and the UK Government more widely.

⁴ This compares with 0.7% and 12.1% for Romania and Cambodia respectively.

⁵ WB loans provide 12% of public investments in execution (WB 2002).

3. STRATEGY

Was DFID's strategy right?

This chapter outlines the evolution, justification and content of DFID's strategy in Brazil. It looks at the process of consultation in drawing up the strategy and the treatment of cross-cutting issues within the strategy. It assesses whether the strategy was appropriate, relevant, and feasible given the context outlined above.

Pre 1997 strategy

3.1 The UK aid programme to Brazil was formalised by the 1989 Memorandum of Understanding (MoU). The MoU focused on environmental issues, while providing sufficient flexibility to incorporate other activities. It, and the British Council, remains the formal basis for the UK aid programme.

3.2 The initial UK aid programme developed out of academic and scientific contacts and British Council activities. The 1995 Country Strategy Paper recognised the continued international interest in helping Brazil tackle environmental problems, as well as the growing UK political and commercial interest in Brazil. While maintaining an emphasis on environmental cooperation, the programme soon broadened, in response to Brazilian Government requests, to encompass a wider range of issues including health, water and sanitation, and urban environmental problems. This wider involvement was seen as facilitating Brazilian acceptance of UK involvement in the Amazon rainforest, as well as being justified in purely developmental terms. Support for the public sector reform programme was prioritised as an area where the UK had experience and expertise to offer.

3.3 The Brazil programme complied with the aid strategy for Latin America agreed in 1993. It focused on one of ODA's three departmental objectives—the enhancement of productive capacity and conservation of the environment—while taking into account the needs of the poorest. DFID's forestry activities aimed to balance the conservation of biodiversity with the development needs of local populations. However, the overall justification and rationale of the DFID programme prior to 1997 was global environmental goods.

1998 Country Strategy Paper

3.4 The White Paper on International Development in 1997, with its focus on eliminating poverty, marked the start of three years of debate and review on the shape and direction of the Brazil Programme. In late 1997 an Urban Environment Issues Paper suggested that the forest environment focus needed to be reviewed in order to maximise the impact on poverty. In early 1998 the Latin America, Caribbean and Atlantic Department (LACAD) developed a Natural Environment Strategy for Brazil. This justified a continued geographical focus on the Amazon because of its global environmental importance—with the Cerrado⁶ as a secondary biome of focus—and a continued thematic focus on forest management

⁶ A savannah-type ecosystem.

and conservation. Increased attention for the forest/agriculture interface was proposed in order to achieve a greater poverty focus. The Natural Resources Project Identification Mission (NRPIM) in April 1998 also reaffirmed Amazonia as the primary focus of the DFID programme, despite accepting the priority that should be accorded to the north-east in view of its greater rural poverty. New projects would not be sought in the north-east because of concerns over DFID's aid management capacity if stretched further.

3.5 The Country Strategy Paper (CSP) of December 1998 confirmed that the primary focus of the programme would remain the environment and the Amazon, with a secondary focus on public sector reform and the Cerado. The primary objective was to continue to support Brazil to address environmental and sustainable development issues of national and global importance, in line with the priority placed on the protection and better management of the natural and physical environment in DFID's statement of purpose. A secondary objective was to build on support for better management of public resources (primarily in the health sector) and improved governance. A significant increase in bilateral programme resources to Brazil—from £5.5 million in 1997/8 to £11 million in 2000/1—was planned.

3.6 The CSP contained two significant statements. First, it was stated that DFID's best contribution to tackling poverty 'is at the level of political dialogue and influence, and in strengthening our links with the multilateral agencies primarily involved in poverty related programmes'. Second, the CSP envisaged a 'major change of emphasis' within the current focus areas of the bilateral programme to respond more directly to the development needs of poor people. It was expected that the balance of the environmental programme would shift in favour of strengthening policies and institutions, and to field-level programmes which sought to improve livelihoods, and away from support for improved knowledge and information for natural resources management.

3.7 The 1998 strategy was followed within months by a strategic rethink within DFID HQ. Tensions became increasingly apparent between the priorities as outlined in the CSP, the new projects identified by the NRPIM, and the interpretation of DFID's central objective of poverty elimination. Thus, although the 1998 CSP validated a continuing primary emphasis on environmental activities, this was increasingly challenged within DFID London on the grounds of an insufficient poverty focus.

Regional and middle-income strategy papers

3.8 The debate within LACAD on the shape of the Brazil programme reflected wider uncertainty within DFID about the case for aid to middle income countries (MICs) in general, and to Brazil in particular. In order to address this uncertainty, in August 2000, LACAD obtained approval from the Secretary of State for a policy framework for DFID engagement in Latin America.⁷ This identified three priorities: pro-poor sustainable growth, equity/social inclusion, and making government work for poor people.

3.9 The Middle-Income Strategy Paper⁸ in November 2001 represented a further attempt

⁷ The Development Challenge in Latin America.

⁸ Eliminating Global Poverty: the Middle income Countries.

to address senior management concerns. This paper set out the development challenges in MICs and how DFID aimed to address them. It emphasised that DFID's main financial contribution was through multilateral channels. The key objective was to ensure that the international system, and especially the multilateral agencies, worked more effectively for the elimination of poverty. The new MIC Strategy Paper produced at the end of 2003 had a very similar objective.

Draft 2002–05 Country Assistance Plan

3.10 The 1998 CSP covered the period up to March 2001. Work on the next DFID country strategy began in 2000 and, following a long period of preparatory work and consultation, a first draft was produced in July 2001. The Forward Look Mission in 2001 was a key part of this process, and included consultations in Brasilia with government and civil society, in Recife (for the north-east) and in Belém (for the north). The draft CSP was also informed by a Country Strategy Performance Review (CSPR) covering the period from 1998 to early 2001. This review was the main instrument for lesson-learning from DFID's existing and past programmes. A summary of the conclusions and recommendations of the CSPR is contained in Appendix N. While the review was referred to in the subsequent Country Assistance Plan (CAP), and some of the recommendations were followed, a number of the recommendations have not been fully incorporated.

3.11 Various iterations between DFID HQ and the DFID team in Brazil followed, with a further consultation draft produced in August 2002. Discussion between DFID HQ and DFID Brazil on the draft document between continued into 2003. A final version of what was now the CAP 2003–5 was submitted in July 2003 and approved in principle by the Secretary of State, subject to certain minor changes, in September 2003.

3.12 The revised version of the CAP was never finally approved and published. In November 2003, the UK government announced that, in order to increase DFID post-conflict aid to Iraq (technically a MIC) while still meeting its commitment to raising the percentage of bilateral spending on low-income countries to 90% by 2005/6, DFID needed to reduce its aid to other MICs. The cuts to the DFID Latin America programme amounted to a reduction of 9% in the country specific allocations to MICs in 2004/5, and a 60% reduction in 2005/6 compared to original allocations for those years. The indication (in December 2003) was that this would result in a 12% and 70% reduction in the Brazil programme in these years. The draft CAP was therefore rendered redundant, while the draft Regional Assistance Plan for Latin America had to be radically changed.

3.13 The fact that DFID took three years to produce an approved country assistance plan for Brazil is difficult to justify. The main factor was the doubt that existed within DFID senior management about the future of the Latin American programmes including Brazil (and bilateral aid to MICs more generally). Despite the sanction given by the policy paper in 2000, support for a new country strategy was uncertain and the policy environment continuously changing. Staff directly involved in developing the country strategy in London and Brasilia were not given the appropriate autonomy to finalise the work. Joint work between London and Brazil was productive, but DFID Brazil eventually became disillusioned with the long drawn-out drafting process. Staff changes in Brasilia and London did not help, nor did the transition from CSPs to CAPs.

3.14 It would be wrong to conclude from this that the Brazil programme did not have a strategy from 2001 onwards. The intentions in the draft CAP were translated into two annual plans for DFID Brazil. The central focus of these plans, and of the draft CAP, was to reduce poverty and inequality. DFID's role was to enhance the effectiveness of the larger resources of government and multilateral development organisations by focusing, in partnership with multilaterals, on specific constraints to poverty reduction and in specific regions. A major change was the intention to concentrate future activities in four north and north-eastern states, largely based on poverty and inequality indicators. The objectives of the draft CAP (July 2003 version) are contained in Box 1 below.

Box 1: Draft 2002-2005 Country Assistance Plan (July 2003)

Outcomes

- A. Poor people better able to participate in economic activities and benefit from economic growth
- B. Reduced institutional discrimination
- C. Public service allocation and delivery more responsive to the needs of poor people.

3.15 Earlier versions of the draft CAP had three similar outcomes—pro-poor growth (policy), social inclusion (rights), and pro-poor governance (services)—but with slightly different wording. Some versions (such as reflected in the Country Plan 2002–03) also included a goal and purpose statement for the country programme, which both the 1998 CSP and the 2003 draft CAP lacked.

Consultation

3.16 The preparation process for the 1998 CSP involved discussions with a wide range of government and non-government organisations, but was more consultation than participation. Decisions about the level of spending and the broad areas of involvement rested with DFID. The CSP was principally driven by LACAD's interpretation of DFID policy, with ABC acting as a gatekeeper. This gave ABC a power of veto over activities, but little active involvement in shaping strategy.

3.17 The strategic rethink in DFID HQ shortly after the 1998 CSP approval was carried on without the significant involvement of Brazilian partners and was temporarily damaging to relationships. The rejection of proposals that DFID had actively canvassed shortly before led to confusion among partners about DFID's role and objectives.

3.18 The CSPR review team consulted with existing partners in selected projects, other donors and drew together lesson learning and implications for the future programme. ABC commented on the appropriateness of the approach and made it plain that it had no interest in a wide participatory process for the formulation of the draft document. However, the Brazilian Government and other development partners welcomed consultation and opportunity for comments on the draft. The CSPR was followed by a visit to London in February 2001 by ABC to hold meetings with senior DFID staff.

3.19 A Forward Look Mission to Brazil took place in March 2001, which involved Brasilia and London-based DFID staff, Government of Brazil (GoB), donor and civil society organisations that set the parameters for the draft strategy paper. Workshops were held at federal and state level (north and north) involving state and municipal-level partners. These highlighted the varied perspectives and priorities of different regions and levels of government.

3.20 The new country strategy involved a twelve-month process of consultation and discussion, starting with a poverty workshop in June 2000 with the participation of ABC, line ministries and senior advisers and administrators from DFID HQ and Brasilia. The workshop enabled exploration of the developing DFID agenda for Brazil including strategic choices and themes for cooperation. Background research on key issues was conducted, including opportunities within the GoB Pluriannual Plan, and entry points for poverty-related work with government. Specific studies were carried out on opportunities for working with the main National Development Bank, land issues in Bahia, Labour Standards and child labour issues, and race.

3.21 As in the 1998 process, Brazilian participants appreciated the opportunity for consultation. However, participation is only regarded as fruitful if DFID has established clear parameters and wants suggestions on decisions that are still to be taken. Project partners see their role as identifying opportunities within the DFID framework rather than being able to influence direction and policy. Workshops appear to be valued for making contacts and exploring issues rather than as forums for decision-making. The constraints set by both governments restrict options for open participation. Nevertheless, insights did emerge from the consultation process. Inequality, strongly linked to poverty reduction, and the variations due to region, race and gender, was a key issue of concern for Brazilian partners. This was reflected in the draft CAP document.

3.22 The 1998 CSP was valued for its clarity in setting out what DFID intended to do in its programme. The lack of a new strategy document has caused puzzlement and uncertainty amongst partners and had led to queries from some organisations that took part in the consultation process. The failure to produce a new strategy/plan diminished the value of the consultation process in developing institutional relationships.

3.23 Other UK Government departments (FCO, DTI, DETR) have a significant stake in DFID's activities but they have not been actively involved in shaping DFID strategy, although the FCO is seen as having a degree of influence. Compared to the stakeholder analysis completed in 2001, Brazilian key partners are now perceived as having an increased amount of influence on the content of the programme, although not on the strategic framework.

Mainstream Issues

3.24 A summary of the treatment of mainstream issues (poverty, gender and environment) is contained in Appendix E. **Poverty and inequality** are analysed in progressively more detail in the three strategy papers: 1995, 1998 and 2002 draft. The 1995 CSP identified the north-east states as the main focus of both rural and urban deprivation, and confirmed environmental cooperation (including the urban environment) as the continuing priority. The 1998 CSP contains more poverty analysis, as well as the proposed change in the environmental programme to address more specifically the development needs of the poor. The draft 2002 CAP provides the most detailed analysis of poverty and inequality.

Race, gender and location are related to levels of inequality and the underlying determinants of poverty used as justifications for the changing approach.

3.25 The 1995 CSP contains a stronger analysis of **gender** inequalities than does the 1998 CSP, where the only reference to gender and women occurs against the specific International Development Target (now MDG). Once again, the treatment of gender is strongest in the draft CAP. Gender is related to poverty and the commitment made to disaggregate progress against the Millennium Development Goals (MDGs) by race, gender and class wherever possible. Part of the work with the WB and IADB was to support mainstreaming of gender and race issues. Work with UNIFEM was planned on gender budgeting in the north-east, as was supporting work to introduce gender and race indicators into decisions over, and implementation of, budgets.

3.26 **Environmental** issues were a key focus of the 1995 and 1998 CSPs. The 1995 paper makes a strong case for the focus based on the global public goods agenda and Brazil's importance as a biodiversity hot spot. In 1998 the environmental focus was further validated but with a new focus on livelihoods development, intended to feed into more strategic initiatives, and the strengthening of natural resources policies and institutions at all levels.

3.27 The strong central steer away from environment is reflected in the draft 2002 CAP. The programme was to be rebalanced to increase support to governance and health priorities and to further reduce support to the post-Rio environment agenda. Existing environment related projects were stated as having been re-oriented to achieve their aims through sustainable development for the rural poor. The link made with environment and rural poverty in the 1998 CSP is not considered nor is there any discussion of urban poverty and brown environment issues.

3.28 **HIV/AIDS** is only mentioned in the draft 2002 CAP. The export of relevant lessons on HIV/AIDS from Brazil to the rest of Latin America, and further afield, was to be supported.

Assessment

3.29 The DFID programme went through three strategy periods:

- Early - 1995 CSP (1997 – 1998)
- Middle - 1998 CSP (1998 – 2000)
- Late - 2002 CAP (2001 – 2003)

3.30 The objectives of the three strategies are summarised in Appendix F. The early period represented the continuation of the pre-DFID strategy as outlined in the 1995 CSP. Environment (Amazonian and urban) and public sector reform were the stated priorities. The middle period was characterised by a continuation of these, but with mention of the importance of influencing government and multilaterals, and a significantly greater poverty focus. The latter rapidly became the dominant consideration, and environment increasingly a lesser one. The late period saw the end of the environment as a priority, the addition of social inclusion (primarily rights), and increased stress on enhancing the effectiveness of government and multilateral agencies.

3.31 Over the evaluation period DFID strategy has become increasingly relevant in terms of Brazilian government priorities. This does not mean that the earlier strategies were irrelevant

or inconsistent with Brazilian goals. They were relevant and consistent. It merely reflects a judgement that the current strategy is more central than were earlier strategies that focused on the environment and the Amazon. Brazilian goals and policies have moved closer to the MDGs.

3.32 While DFID's documented strategy has been relevant, it has not been driven by Brazilian goals and policies. The Brazilian government has accepted and supported the strategies and plans, but these have very clearly been DFID's. However, Brazilian government requests, for example to diversify the programme beyond a green environment agenda, were taken into account.

3.33 The strategic reorientation that followed the publication of the 1998 CSP, and which led to the draft 2002 CAP, reflected the prevailing view within DFID that environmental assistance was no longer a priority for an organization committed to the elimination of world poverty. Nor did the fact that global environmental issues remained a key UK government priority necessarily mandate DFID to address these issues. The counterargument that safeguarding the global and local environment was an important, if generally indirect, contribution to tackling global poverty was not given much weight. Two strategic responses followed. The first, from 1998 onwards, was to try to make the environmental portfolio more poverty focused. The second, from 2000 onwards, was to phase out the environmental portfolio and to reorient the programme towards more obviously poverty relevant areas (both geographically and sectorally). The other important shift, which impacted on the environment/natural resources portfolio, was the intended move away from stand-alone projects to programmatic areas and more strategic ways of working. Many of the environment/natural resources projects had not been designed in a way that could suit this strategy, although some did (e.g. the PPG7 projects).

3.34 Given the prevailing view within DFID, the progressive strategic reorientation away from the environment and the Amazon can be judged as making the strategy more relevant and consistent with current DFID policies. On the other hand, as in the case of the Brazilian policies, this does not mean that the earlier strategies were irrelevant or inconsistent with published DFID policies at the time.

3.35 The strategic rethink in 1999/2000 that followed the publication of the 1998 CSP undermined the value of that strategy. It suggests either that the strategy formulation process had been inadequate—in the sense that it had not achieved wide support for a strategy on the basis of detailed analysis and discussion—or that DFID HQ changed its mind and was not prepared to wait until the end of the three-year strategy period before revising the strategy. Either way, the 1998 CSP did not provide effective strategic guidance for the programme because it, and many of the projects previously identified as part of the NRPIM, came to be seen by DFID HQ as not being consistent with DFID policy. The strategic rethink also led to a hiatus in decision-making soon after the CSP was published and was temporarily damaging to relations with Brazilian partners.

3.36 DFID's failure to produce an agreed strategy from 2001 onwards had a deleterious effect on the programme. It has meant that there was no agreed and approved focus for the programme, and no agreed and approved criteria for the identification of new initiatives. This increased the scope for internal argument within DFID, and decreased the incentive for wider teamwork. It hindered communication with partners, both government and donor, and increased the uncertainty about DFID's commitment to Brazil.

4. PROGRAMME

Did DFID do the right things?

This chapter describes the evolution and content of DFID's programme. It asks whether the activities were consistent with the strategy, and relevant and appropriate given the context.

Programme Evolution

4.1 The initial UK aid programme in Brazil developed out of pre-existing academic and scientific contacts and British Council activities. The MoU of 1989 was focused on environmental cooperation. Brazil was a target country for the ODA biodiversity strategy. The development of a regional strategy for Latin America in 1993 focused on the environment with emphasis on needs of the poorest. The good government objective was a second priority. These agreements all set the scene for a portfolio that had a strong environment focus.

4.2 The 1995 CSP focused on environmental management, including within the urban projects, but a programme of activities in public sector reform was also to be developed as well as implementation of the Health reform project. New biodiversity projects were to be explored in the Cerado and the Caatinga biomes. The APA Norte and Pirapama projects focused on urban environment/environmental planning in the north-east (with implementation beginning in 1997). Health Sector Reform and the MARE project also began during this period, with the latter an initiative from Minister Bresser Pereira. Neither project was regarded as successful, but lessons from each have subsequently been incorporated into the design of the Ceara Health and Brazilian Court of Audit (TCU) projects respectively. The priority, however, remained to promote sustainable forest management and the conservation of biodiversity in the Amazon rain forest, taking account of the economic and social development needs of the local communities.

4.3 Looking at the portfolio, as it was in 1997, all the projects pre-dated the 1995 CSP, and were second phases or extensions, or they emerged directly from plans or proposals set out in the CSP. A total of eleven projects were in the forestry/rural livelihoods sector and accounted for 80% of the total commitment.

4.4 The 1998 CSP was intended to respond to the White Paper on poverty and was informed by the NRPIM mission of early 1998. This followed a decision in late 1997 that the Brazil programme would be increased from around £6 million per annum (not fully spent) to £11 million, of which it was anticipated that environmental projects would account for £9–10 million. The NRPIM report identified the continuing emphasis on Amazonia and further support for work in the Cerado Biome with a recognition of the need to rebalance the DFID portfolio taking account of:

- 4.4.1 The need for a relative increase in support for institutional strengthening, policy development and field level pilot activities and a reduced focus on knowledge generation and research projects.
- 4.4.2 Increased support at the State level and below (government and non-

government) to meet the need for capacity strengthening as a result of democratisation and decentralisation.

4.4.3 A greater focus on improving the livelihoods of the poor (purpose level) in order to achieve environmental objectives (goal level).

4.4.4 The need to maintain a reasonable balance between bilateral projects and support for environmental objectives through the G7 Pilot Programme.

4.5 The period from 2001 saw a growing emphasis within DFID to respond to the changing context in Brazil. The Country Plan (2002–3) describes efforts by DFID to link more closely with Brazilian priorities and provides some examples of how this will be addressed. Analysis of the opportunities and risks were further strengthened in the draft CAP. The main examples of initiatives within DFID's portfolio of efforts that respond to the changing context within Brazil are thus very recent.

4.51 ***The 'Programme of Support for Integrated Actions in Gender and Race Equity in Brazil'***, in partnership with UNIFEM, although only approved in August 2003, provides an example of DFID's efforts to build on the increased opportunities for addressing gender, race and ethnic biases that have come about through changing government approaches.

4.5.2 ***The Institutional Racism Project***, (approved in December 2003) which provides integrated support to the public sector to combat and prevent institutional racism, and to civil society organizations to participate in and monitor the process. It is also designed to assist in consolidating the role of the newly created Special Secretariat of Policies to Promote Racial Equality. The project design takes account of recent executive and legislative initiatives to ensure greater participation by the public sector to combat racism and is further justified by the decentralisation process, which should enable Black communities to have their demands heard better in government.

4.5.3 ***The Strategic Impact Fund (SIF)***, which is a fund from which relatively small funds can be drawn to allow the office to respond quickly to demands and requests from development partners. It is focused on making strategic impact on key areas of policy, and for initiatives that are considered to be innovative and high risk. It has also been used for preparatory work for potential future projects (see Appendix G).

4.6 In addition to these initiatives, preparations were made to support the Lula government's 'Zero Hunger' programme. DFID saw this as an opportunity to collaborate strategically with other partners in the initiative⁹, to strengthen local participation and contribute with know-how in evaluation techniques. However, a decision was made not to fund the initiative following the cuts made to the Brazil programme at the end of 2003.

4.7 Official figures for programme expenditure (including JFS but excluding debt rescheduling) over the evaluation period are shown in Table 2 below. The figure for 2002/03 is, however, inflated by over £2 million due to corrections for recognised accounting problems (see section 5.5 below).

⁹ Partners included MESA, UNDP, IPEA (Instituto de Pesquisa Econômica Aplicada) and CEF (Cash Economic Federal).

Table 2: Brazil—DFID Country Programme expenditure 1997/8—2002/3

	1997/8	1998/9	1999/2000	2000/1	2001/2	2002/3	TOTAL
£m	6.8	7.5	6.4	6.8	7.1	11.9	46.5

Programme content

4.8 The section presents an analysis of the programme by sector, Policy Objective Marker (POM), and Poverty Aim Marker (PAM)¹⁰. Table 3 below presents a summary spending by sector as measured by project commitments. The details are contained in Appendix H, while the dates and commitments for each project are contained in Appendix I. This data shows an increase in health commitments over the period, and the large and continuing commitment to natural resources/rural livelihoods projects. Although there was a decision to move away from environment projects by 2000, this has had little practical effect on the programme allocations up to 2003. This is partly due to natural resources (NR) projects being in the pipeline for a long time, and DFID's obligations to the PPG7 programme. Even before the cuts to the bilateral programme announced in November 2003, the portfolio profile was set to change considerably by 2004, and even more so by 2005, with the end of support for PPG7 and other natural resources based projects,¹¹ and the coming on stream of new governance and social projects.

Table 3: Spending by sector measured by total project commitments¹²

Sector	Year							
	1997/8		20001/1			2002/3*		
	No.	£m	No.	Change ¹³	£m	No.	Change	£m
Forestry/Rural Livelihoods	9	15.2	7	-3 +1	11.1	7	-3 +3	11.6
PPG7	2	6.0	3	-1 +2	11.8	5	+ 2 ¹⁴	14.4
Total NR	11	21.2	10		23.0	12		26.0
Governance	2	1.3	1	-1	0.7	2	-1 +2	2.8
Health	1	1.9	1	-1 +1	3.3	2	+1	8.3
Urban	2	2.3	2		2.3	0	-2	—
Programme ¹⁵	—	—	—	—	—	1	+1	0.2/ year
TOTAL	16	26.7	14		29.3	15		37.0

¹⁰ The Policy Information Marker System (PIMS) could potentially also be used for this type of analysis. However, the system was changed three times during the evaluation period and hence cannot be used in this way.

¹¹ Most of the PPG7 portfolio was due to be completed by 2006, with only some activities extending into 2007.

¹² The Commitments figure indicates the total value of the commitments implied by the projects active in that year. For example, in 2002/3 there were five ongoing PPG7 projects with a combined commitment (over the life of the projects) of £11.83 million.

¹³ The Change column explains the change in the number of ongoing projects. For example, in 2000/1 there were a total of seven Forest/Rural Livelihoods projects compared with nine in 1997/8. Three of the projects under implementation in 1997/8 had ended, and one new project had started.

¹⁴ One of the PPG7 projects is funding for the transition phase. DFID had decided by 2002 that it would reduce its participation in the programme, at least with bilateral country funds.

¹⁵ Programme level funding: this was the SIF, which enabled a range of initiatives to be funded included spending against PCN for pipeline social and governance projects, developing partnerships around HIV/AIDS and Health planning and work on rights and livelihoods. There was little spent on rural livelihoods/natural resources as such.

4.9 The urban environment aspect of the programme was phased out, despite the success of some of the projects. One project, Pirapama, was extremely successful in achieving its outputs and purpose. The other, Apa Norte, was less so but was still rated as partially successful. Some of the mistakes made in trying to develop new ways of working with state structures could have been useful pointers for the future. The 1998 CSP acknowledges the large number of poor found in urban areas and the fact that this is a priority area for the government, but there is no reference to this type of work in future plans. The CAP does not mention urban poverty at all, although DFID's work in the north-east was to include urban areas.

4.10 The change in the focus of the programme from the 1998 CSP onwards is more evident from the analysis of the POM summarised in Table 4 below. While the number of forestry/rural livelihoods projects altered little (Table 3 above) the 1998 CSP emphasis on the needs of the poor resulted in a shift from natural and physical environment to sustainable livelihoods. Education, health and opportunities for the poor also had large increases in spending, in line with public sector reform and health priorities running on from CSP95, and the new phase of governance support to TCU.

Table 4: Spending by Policy Objective Marker (POM) as measured by total project commitments

Cat.	Sustainable livelihoods			Education, Health, Opportunities for Poor			Natural/Physical environment		
	1997/8	2000/1	2002/3	1997/8	2000/1	2002/3	1997/8	2000/1	2002/3
Year	1997/8	2000/1	2002/3	1997/8	2000/1	2002/3	1997/8	2000/1	2002/3
£m	4.58	2.08	9.21	2.5	3.3	10.78	17.85	24.08	9.43
%	18	7	31	10	11	37	72	82	32
No	3	2	5	2	1	3	10	11	6

4.11 Table 5 below summarises the analysis of the PAM. There has been little change in the spend or numbers of projects in the enabling category which implies that from 1997 priority has been given to policy and institutional development projects. The shift in the focused category is accounted for by two relatively large projects rather than an increased priority for projects. The reduction in inclusive projects is interesting, although this is not mentioned in the more recent strategy papers.

Table 5: Spending by Poverty Aim Marker (PAM) as measured by total commitment by project

	Focused			Inclusive			Enabling		
	1997/8	2000/1	2002/3	1997/8	2000/1	2002/3	1997/8	2000/1	2002/3
Year	1997/8	2000/1	2002/3	1997/8	2000/1	2002/3	1997/8	2000/1	2002/3
£m	1.3	4.6	5.4	8.85	8.18	6.21	14.7	16.68	17.8
%	5.3	15.6	18	35.5	27.8	21	59.2	56.6	61
No	1	2	2	5	5	2	9	7	9

Project Preparation

4.12 The existing projects in 1997 were based on Brazilian proposals but suffered from some planning weaknesses, including an insufficiently participatory approach to design and limited inputs from advisers other than in Natural Resources/Environment. The UK participated in the design process of the G7 Pilot Programme in the early 1990s, responding to the existing strategy focus and UK political emphasis on environmental issues. Funds were not, however, committed to the Programme for a further five years.

4.13 The 1998 Natural Resources Project Identification Mission (PIM) recommended that eleven concept notes should be developed into projects with a significant increase in spending, from around forty project ideas that had been discussed with ABC. After finalisation of the CSP, however, tensions became increasingly apparent between the programme encapsulated in the CSP and the interpretation of DFID's central objective of poverty reduction. The proposed £5 million Varzea project (focusing on fisheries management in the lower Amazon) which had been included in the original list of eleven project concepts was rejected by DFID management as not sufficiently in line with DFID policy objectives. In February 2000, five of the original 11 projects were rejected by LACAD (GEF Small Grants Project, Forest Product Marketing Project, PPG7 Ecological Corridors, Fisheries Policy Support, PPG7 Regional Demonstration Project). The following projects were approved: DENDROGENE (started August 1999), Gespan (redesigned and approved late 2000), Varzea (refocused and approved). Tocantins Cerado was redesigned and approved, although commencing with a preparatory phase and cancelled at the end of this phase. The Babaçu (Altecon) project went through several stages of participatory re-design with stakeholders but was finally rejected in 2002. Three additional projects (Health Economics, FCAP and TCU2) were approved.

4.14 Factors contributing to project development and approval during this period seem to have been:

- the DFID budget situation
- strong in-country NR/forestry presence
- existing relationships with institutions/ building on previous projects
- the amount of time and effort that had been invested in project design
- the desire to place poverty in a more central position within projects.

4.15 The increased office size (from mid 2000), with a broader range of advisers, enabled a greater input into planning and preparation. There was a strong commitment to consultation and participation, which often meant that the design process took longer than previously. Projects still had to be approved by London. This created some tension when in-country staff took pains to develop a proposal with the participation of all key stakeholders only to find that the proposal came back again for further work. While it was important for DFID HQ to comment on country office proposals, it was hard to explain some of the objections from DFID HQ to the rural poor, or indeed to other organisations who had a strong sense of ownership of the project being proposed. There is a trade off between participation (which takes up peoples' time, particularly the poor who can barely afford to participate), local ownership, and ensuring that all DFID HQ's concerns are addressed in

a proposal. The process has been particularly tortuous in FCAP, an ongoing project, and Altecon, a new project which was finally rejected.

Support for Brazil's regional and international role

4.16 Examples of non-environmental initiatives that supported Brazil's regional and international role include the following:

- 4.16.1 **Regional HIV/AIDS Prevention Project.** A joint programme between DFID, WHO and the Government of Brazil of cross-border sharing of information, knowledge and experiences to strengthen capacity for collaboration between countries in the region. The programme is designed to empower the Ministry of Health to support the region's governments and civil society in their responses to HIV/AIDS.
- 4.16.2 **Support for Integrated Actions in Gender and Race Equity in Brazil.** Although this is primarily a domestically-focused project, it seeks to achieve regional impact through support to UNIFEM's rights-based approach for women's economic and social justice in Latin America and the Caribbean, ensuring a lesson-learning link to regional programmes. It links with UNIFEM's strategy of selecting lead countries to develop strategic projects that attract local and national resources and serve to initiate similar processes in other countries.
- 4.16.3 Recruitment of a **trade and markets adviser** to the Brasilia office.

Working with multilateral agencies

4.17 The 1998 CSP stated that the UK's best contribution to helping Brazil tackle its poverty problems was likely to be at the level of policy dialogue with government and in strengthening DFID's links with the multilateral agencies. The MIC Strategy Paper in 2001 emphasised that ensuring multilateral agencies worked more effectively for the elimination of poverty was a key DFID objective in countries such as Brazil. The final draft of the 2002–5 CAP came to the same conclusion: the role of bilateral donors such as DFID was to enhance the effectiveness of the larger resources of government and multilateral agencies to eliminate absolute poverty and reduce inequality.

4.18 The policy priority attached to working with multilaterals did not lead to much action during the 1998–2000 period. Since then there have been a number of new initiatives with multilaterals and IFIs, although progress in this area has still not been as rapid as hoped. Examples include the work with UNIFEM on gender, with UNDP on race, and with the World Bank on fostering participation and dialogue in Piauí and other north-east states. Little progress was made with IADB, despite numerous statements of intent in DFID documents. There was a lack of continuity in the dialogue, which always seemed to be 're-starting'. However, agreement has recently been reached for a DFID contribution to a review of the IADB portfolio in Brazil as part of planning the 2004–7 Assistance Strategy.

4.19 The evaluators are not convinced that working with IFIs/multilateral agencies in the context of a bilateral programme is as effective a way of achieving influence and pro-poor change in Brazil as working directly with the appropriate Brazilian partner. The assumption

that multilaterals such as the WB and IADB were the best partners in the Brazilian context has also been questioned by DFID Brazil. While this criticism is valid, it is important to recognise that there were strong regional reasons for DFID to engage with the IFIs. It was this wider DFID policy, rather than any evidence that it has or would be effective for Brazil, which has increasingly driven DFID's engagement with multilaterals.

4.20 DFID had however significantly developed its understanding of the WB and areas of mutual interest, as well as developing a strategic approach to working with the WB, well before the more recent emphasis given in the regional strategy.

4.21 The most important conclusion is that DFID's bilateral strategy towards the multilateral agencies (and its strategy more generally) should have been based on a more critical analysis of the potential for influence and pro-poor impact in Brazil, and not been so influenced by global and regional DFID policy.

Assessment

4.22 Since 2000 there has been an increasing convergence in UK-Brazil development priorities. This has intensified since the Lula government came to power at the start of 2003. Income equality, poverty, human rights and race have all risen up the political agenda. This had led to an increased demand for the outputs of several DFID projects (e.g. TCU). DFID Brazil has also worked hard to respond to the changing context in Brazil with new initiatives (e.g. Institutional Racism). The DFID programme has become increasingly relevant to GoB priorities as a result.

4.23 Since 2000 DFID Brazil has made a real effort to change the portfolio in line with the interpretation of DFID's central objective of poverty reduction. This has involved re-engineering the environment/sustainable development portfolio, and adding new areas of work, notably in social inclusion, race and gender. This process has not been without cost. It has been accompanied by an over-negative attitude towards the environment/sustainable development project-based portfolio (which accounted for the bulk of the programme for most of the period under review) and of its potential for contributing to DFID's changing policies and priorities. The change process was not always well managed and the reasons for it were poorly communicated to partners.

4.24 The Brazilian experience suggests that, if there is to be a change in strategy, it needs to be planned for and exit strategies developed in a more pro-active and positive manner.¹⁶ Several projects commented that they felt like second-class citizens during the past few years. This has damaged partnerships at both state and federal level. DFID's case would be stronger, at least with project partners, if change was based on analysis that could be explained, rather than a change that appeared to come from outside Brazil, unrelated to the country context.

4.25 The real difficulty of effecting change in the context of a declining budget – as was the case – is acknowledged. It is obviously much easier to change gradually if there is the

¹⁶ Since November 2003 DFID Brazil has been working with partners to ensure that projects have an exit strategy.

option of adding new programmes while allowing old programmes to run their course. But in the context of a static or declining budget adopting the only alternative to an active approach to change (i.e. cuts or re-engineering) is very slow change. This degree of programme inertia may not be acceptable.

4.26 The reduced emphasis on supporting Brazil's international role in environmental management has been matched by increasing recognition of Brazil's other international and regional roles. However, until 2001/2 there was a limited response by the programme. A notable and interesting response was the initiative on HIV/AIDs. Experience with the Strategic Impact Fund has confirmed the value of flexible funds and delegated authority over these.

4.27 Working with multilateral agencies has been an increasing priority since 1998 - reflecting the importance attached by DFID more widely - and a number of new initiatives were developed in the last two years. However, the evaluators are not convinced that, for a bilateral programme in Brazil¹⁷, working with IFIs/multilateral agencies is necessarily a more effective way of achieving influence and pro-poor change than working directly with the appropriate Brazilian partner.

¹⁷ The stronger case for working with multilaterals in a regional programme, as DFID is now doing, is recognised.

5. PROCESSES, ORGANISATION AND MANAGEMENT

Did DFID operate, and was it organised and managed, in the right way?

This section looks at how DFID operated, and at how it was organised and managed. The nature and effectiveness of DFID's relationships with other partners are reviewed.

DFID's partners¹⁸

5.1 For reasons already explained, the evaluation was not able to investigate partnership in the depth and detail intended. However, a stakeholder analysis was carried out with DFID-B office to identify the range of partners and to map these against their importance to, and influence on, the country programme. The extensive DFID Brazil literature on partnership was also reviewed, and the perceptions of some of DFID's partners were mapped.

5.2 DFID's key partner has been the Brazilian Co-operation Agency (ABC) as representative of the Government of Brazil (GoB) priorities and their monitor of donor activities. This relationship has always been close with regular contact and discussions, although there have been difficult moments (such as after 1999 and more recently). The inclusion of an ABC staff member on all project monitoring visits has strengthened the relationship, and ABC has fully participated in the peer reviews and evaluation processes. This has been appreciated by both sides.

5.3 In terms of the programme portfolio the range of partners has increased both in types and numbers from 1997. Initially relationships were formed with key ministries reflecting the focus of the portfolio (largely environment, some health) and with project implementing partner organisations. Over time there has been an increase in relationships that are not directly related to projects but seeking to combine development efforts for increased impact in priority areas. These have led in some cases to design of projects or support to smaller scale activities through the SIF. Relationships with the World Bank, UNIFEM, UNDP and IADB have also been developed. Greater attention has been paid to work at varying levels of government and also to developing relationships with civil society organisations.

5.4 The focus on environmental and natural resources projects (largely forestry based in 1997) influenced the choice of partners. In 1997 there were many contacts already established in this area through early projects. The Ministry of the Environment, Water Resources and the Legal Amazon (MMA) was important at Federal level for both the PPG7 programme and the other natural resources initiatives. DFID made a concentrated effort to include the Ministry in project development. The Ministry suffered within GoB by being quite marginal in importance in spite of the environmental rhetoric although it has been strengthened under the Lula government. Other federal level partners who have had long involvement with the DFID programme are EMBRAPA and IBAMA although the closest relationships have been formed at state level where the institutions have been directly involved in DFID projects, particularly in Pará state. Other natural resource research, extension and training organizations were frequent partners. Three projects worked directly with local NGOs: Tocantins rural development, Mamiraua and PNE.

¹⁸A partner is defined as 'an organisation with whom DFID shares control over decision-making and resources, and undertakes joint activities'.

5.5 State governments became increasingly involved in the programme through the NRPP where the project focused on state environmental agencies in five states in legal Amazonia and later through the training sub-project where states identified their own environmental training needs. Tocantins Cerado was located in the state-planning secretariat, potentially an influential partner. Relationships with municipal level structures also developed over time both through NRPP and other projects with practical activities. For example, GESPLAN works directly with Mojú municipal government.

5.6 DFID has had a long and successful collaboration with the TCU (Brazil equivalent of the UK National Audit Office) supporting activities since 1997. TCU is regarded as a key partner in DFID objectives related to public sector reform, participation and social control. The Ministry of Health has become a closer partner over the period as DFID involvement with the sector increased. A more recent partnership is with the social sector Ministry through the placement of a TCO adviser. There have also been strategic partnerships with the Ministerio Publico and the Presidency, including specifically the Secretariat for the Promotion of Policies for Racial Equality and the Secretariat for Policy for Women.

5.7 The main donor partner has been GTZ through collaboration in the PPG7 programme. This will diminish if DFID withdraws from supporting the environmental agenda, which is the focus of German support. CIDA has participated in the development of the monitoring and evaluation system and has been a reliable participant in evaluation events.

Partnership experience

5.8 A number of factors that have affected the nature and effectiveness of partnerships over the evaluation period. The key factors have been:

- 5.8.1 The increase in size of the in country office (starting from mid 2000) with advisers in health, social development and, latterly, governance added to the previous rural livelihoods and environment capacity. This has enabled greater contact and more attention to relationship building; increased consultation in project development; greater participation in programme level activities; and greater potential for tapping into specialist technical networks.
- 5.8.2 The change in focus from environment to poverty reduction, and towards a more strategic way of working. This led to a broader range of partners being sought to improve potential of impact; increasing emphasis on facilitating dialogue and cooperation between different types of organizations; and a recognition that the complexity of reducing inequality requires a range of institutional relationships.
- 5.8.3 Increasing emphasis on the importance of partnerships for impact on poverty reduction as a central theme within DFID. This raised the profile of partnerships as a specific area of work, and related well with the approach of the Brazil programme where all work had been done through partnerships. It also led to more questioning about who, why and what form cooperation should take.
- 5.8.4 Development of a strategy for working with MIC that stressed working with IFI to increase influence and impact. More attention was paid over the last three years to increasing contacts and building relationships with the IADB and WB.

- 5.8.5 Decrease in the number of projects managed by consultants on behalf of DFID (there is now only one). This led to more direct contact with project implementers and state level partners by DFID staff, and to increasing knowledge of state contexts and the socio-political environment.
- 5.8.6 The tension between LACAD and DFID Brazil in 1998/9 effectively delayed approval or response to the proposals from the NRPIM report. It was felt that these project ideas, although not conflicting with the 1998 CSP, were developed prior to approval of the paper and were not fully consistent with DFID poverty reduction policy. However, this strategic rethinking took place with little or no involvement of Brazilian partners and was damaging to relationships. The rejection of proposals that had been actively sought and discussed in Brazil was regarded unfavourably, as were the long delays and drawn out negotiations for other projects in the PIM. Virtually no new projects were approved over an 18-month period 1998-9. This caused confusion amongst partners about DFID's role and objectives.
- 5.8.7 Relationships were repaired, partly taking advantage of the considerable social capital built up in the early environmental programme, and partly through acknowledging the problem and the action taken by the expanded office from late 2000. The relationship with ABC has since become closer through increased regular contact.
- 5.8.8 Two project proposals caused particular problems—Altecon and Tocantins Cerado—both of which were eventually turned down by DFID (Tocantins Cerado after a preparatory phase). Opinion is divided about the technical justification for both these projects, and it may well be that DFID was right not to fund these. What is clear, however, is that DFID poorly managed and communicated these decisions, leaving both staff and potential partners bruised and disillusioned in the process. More than one source reported that, as a result of the Tocantins Cerado experience, DFID was seen as a less trustworthy partner.

Table 6: Features of partnership with different levels of government

Level	Advantages	Disadvantages
Federal	Potentially the largest impact through policy development and country wide programmes; most cost effective if limited budget; an increasingly positive policy environment under Lula	Clear attribution difficult; need to build long term relationships; subject to in country political change; policy implementation has been weak but strong commitment to improve under new government
State	Potential for linking initiatives; support for state/federal dialogue; tackling policy implementation in practice; fostering interagency links and collaborative work practices; budgetary planning processes and direct WB loans offer many opportunities currently	Results may not be generally applicable due to diversity; states very variable; local political complexity can be difficult to assess; in some cases shortage of human resources; competing political priorities and variable attitudes to civil society participation
Municipal incl. local organisations	Potential for direct impact on livelihoods of the poor; strengthening local institutions; supporting advocacy, rights, local empowerment	May not be most cost effective place for limited cash; limited human resources and absorptive capacity; not simple to transfer models and may have limited impact only

5.9 The programme has now gathered experience from working with a range of government partners. The advantages and disadvantages of partnerships at different levels are summarised in Table 6.

Partnership perceptions

5.10 A summary of DFID strengths and weaknesses perceived by itself and its partners is given in Appendix J. DFID is generally seen as supplying good quality technical assistance and support, and as having serious and professional staff. The commitment to participation and open dialogue was also perceived as a key strength. Some other donors/IFIs, notably the World Bank as a result of joint work over the last two years under SIF, now see DFID as having comparative advantage in facilitating participatory processes and they are keen to use this expertise in their own programmes. DFID's ability to access flexible funds quickly is also seen as an advantage by other donors who do not have this facility.

5.11 Project implementing partners have also valued the level of participation in working with DFID, including changes in the approach to monitoring and evaluation over the last two years. However, they perceive weaknesses in the way in which change is managed and the long delays and uncertainties associated with project reviews and follow up recommendations.

5.12 A perceived weakness compared to other donors is that DFID appears to be constantly changing its mind about what it wants to do in Brazil. In some cases projects felt that a huge amount of time and effort had been expended in an unnecessarily painful process to effect what ended up being a very small change (or, in the cases of Tocantins Cerado and Altecon, an eventual DFID refusal). The fact that DFID thought it was a large change meant that they had not understood the situation. ABC also feel that it is much simpler to deal with donors, for example GTZ and JICA, who know exactly what they want to fund and why and stick with their strategy over a longer period.

Monitoring and evaluating partnerships

5.13 The Brazil programme has put considerable effort into the monitoring and evaluation (M&E) of partnerships as part of its wider engagement with the issues of partnership. PRISM does not capture partnership issues adequately. The only section on PRISM, used as the basis for developing the M&E approach, which relates to partnerships, is in the section on input delivery. Guidelines for the completion of this section were produced by DFID Brazil. This attempted to capture more of the dynamics of the relationship and a summary table was produced as part of the annual DFID Brazil report.

5.14 Two APOs have worked on the partnership issue producing a conceptual paper and two case studies. Consultation workshops were also held with a range of partners. There is considerable interest amongst aid organisations on partnerships. For example the World Bank held a consultation in 2001 and DFID has established a central partnership and influencing network. The participants in the Brazil workshop were also keen to learn from DFID. However, practical progress is slow due to the complexity and, frequently, the context specific nature of institutional relationships. Key issues identified at the WB meeting were:

- there is not yet a widely accepted conceptual framework for the analysis of partnerships.
- no agreed definitions of key terms and concepts in the debate.
- understanding of what partnerships are/ potential and problems is limited.

5.15 DFID Brazil has produced a working paper (Haggart) and developed a working definition of partnerships as *shared control over decisions and resources, and demonstrated through undertaking joint activities*. It is recognised that not all institutional relationships can be described as partnerships but it is important to recognise all mechanisms through which DFID works with other institutions. The working paper explores the existence of various partnership typologies and the complexities of classifying and monitoring institutional relationships in general. Some tools and approaches are suggested for monitoring partnerships and these are now being tried.

5.16 The monitoring and evaluation process itself attempts to look outside the project to the wider context and improve knowledge of institutional partners and relationships. Monitoring provides an opportunity to engage with different partners and provides an opportunity for DFID to account for its own performance. The process thus becomes part of the product, which should enable the identification of mechanisms for joint improvement.

5.17 DFID Brazil also held a partnership and influencing workshop in May 2003 at Sahy with participants from DFID Brazil, Bolivia, Peru and London and consultants from IDS. In the workshop influencing for DFID was defined as being about '*investing in relationships for pro-poor outcomes supported by an understanding of context and effective use of the human and financial resources at DFID's disposal*'. The workshop was essentially an internal reflection on the nature of partnerships and influencing in the context of DFID as an organization. Among the many discussions of changes identified for DFID to be a more effective investor in relationships the following emerged as three sets of desirable shifts: in the nature of relationships, in desired roles, and in behaviour.

5.18 As part of this evaluation the behaviour change characteristics were developed into a continuum and completed individually by DFIDB staff, both administrative and advisory, and the members of the Core Learning Group. The summarized results are given in Appendix K. The CLG tended to be more positive than DFID staff. Two areas were clearly marked as the wrong side of the continuum: DFID is seen as going for quick impact rather than wanting to be engaged in longer-term processes and change, and being more status conscious than egalitarian. The worst scores, although opinions were more evenly spread, were against emphasis on outputs rather than building relationships and being directive rather than facilitative. In these DFID staff marked themselves lower than the CLG reflecting, at the least, their own high standards. The tool did indicate areas for improvement and it could be useful to repeat the exercise at a later date and with project level partners.

Financial management

5.19 A review by the National Audit Office in December 2002 found 'no major weaknesses or errors in the accounts' apart from a discrepancy of over £1 million in the HQ imprest account record. Further investigation by DFID revealed an error of around £2.1 million that

had built up over many years. An adjustment of £2.4 million was eventually made to the 2002/3 accounts to correct for this and other errors. This means that actual expenditure in 2002/3 was nearer £9.5m than £11.9m and actual expenditures on earlier years slightly higher than recorded.

5.20 The evaluators understand that the problem with the Brazil suspense account has been solved, and that there has never been any criticism of the accounts in Brasilia. However, it remains difficult to reconcile the different figures for project expenditure that occur in the local accounts, PRISM records, and Statistics Department figures. Some expenditures are wrongly labelled. For example, what appears to be a training programme for a named member of staff is in fact the Strategic Impact Fund. All office, overheads and staff costs are labelled as 'environmental programme'. This all combines to make it difficult to understand exactly how much is spent on what and when, or to rely upon the annual project or programme expenditure figures eventually published by Statistics Department.

5.21 In spite of these uncertainties, it is clear that the programme did significantly under-spend in the period 1999/2000 to 2001/2. One explanation for the under-spend in 1999/2000 was the devaluation of the real, but there was also a delay in approving pipeline projects. There also tends to be tendency to underestimate the degree of under-spending in early years of projects. It thus took some time for the planned spending to come on line. The Brazil budget was cut back by £4m in the LAD PARP for 2002/3–2003/4 in order to allow for increases to Bolivia, Central America and regional programmes by the same amount. The under-spend would appear to justify the decision, aside from any policy or strategy change, but it is unfortunate that it occurred just as previously planned work was about to be implemented. Better planning and budgeting procedures at project and programme level would improve efficiency.

Monitoring and evaluation

5.22 The Brazil programme has invested significant resources into improving M&E at project level. However, it is important to stress that this was not primarily motivated by a desire to improve the quality of PRISM reporting. It was part of a wider effort by DFID Brazil to improve the way in which DFID worked and learned with its partners. The M&E system was accordingly based on principles of participation and inclusion, and was developed with the contribution of partners.

5.23 The specific aims of the M&E improvements have been to improve accountability (upward, horizontal and downward) with all partners; to capture and act upon lessons learned; to promote organizational development; and to link financial and technical aspects in examining outcomes and impact. The key principles of the system developed were that:

- the M&E system should be a process that is done by, with and for DFID and its partners
- M&E is a management tool and part of the project cycle
- participation is central to the monitoring process
- the system should build on DFID's existing tools and requirements
- it should encourage peer reviews and joint donor reviews.

5.24 On the basis of limited discussions with project partners, and a review of project documentation, it would appear that considerable progress has been achieved. Monitoring as a process has improved, and has begun to be internalised within both the Brasilia office and projects. This is not to say that it cannot be improved further. Probably inevitably, it is focused around monitoring events and is still very DFID centred.

5.25 Developing and implementing the system has also absorbed significant resources, probably more in percentage terms than in most other DFID country programmes and it is not yet possible to point to the better and more sustainable outcomes and impacts that may eventually result. Without good evidence that the level of effort put in by the Brazil programme leads not just to better relationships and monitoring, but to better outcomes in terms of poverty reduction, this quality of monitoring is unlikely to be mainstreamed within DFID. This may, however, be too narrow a view of M&E. The more important question is whether the greater attention to the quality of relationships shown by the Brazil programme, of which M&E was just a part, has (or would have) led to better and more sustainable outcomes and impacts. This evaluation was not structured to answer this question. The disruption to relationships that followed the November 2003 cuts must, however, have reduced the likelihood of this.

5.26 Similar efforts have been made at the programme level. The 1998 CSP contained no targets or indicators at country programme level, and so no framework for evaluation that went beyond the project level. Monitoring at strategy/programme level was mentioned explicitly for the first time in the draft CAP. Performance was to be evaluated using a social accounting methodology to measure partners' assessment of progress against CP objectives and outputs. The intention was to establish a programme level monitoring and evaluation system, designed to build on that for individual projects, to identify and capture useful lessons. Initiatives and potential partners were clearly described against the three main outcomes but there were still no indicators established to enable programme level monitoring. These were worked on in the annual plans in 2002 and 2003, using a type of change forecast approach, but the discipline of a logical framework was not employed. Restrictive and difficult as logical frameworks may be, the approach does demand clear analysis of necessary and sufficient steps to achieve a hierarchy of objectives.

5.27 The annual plans and reports for 2002 and 2003 do represent a considerable advance over what was attempted and produced before. The peer review in September 2002 was also a significant innovation. Two criticisms can, however, be made. First, despite all the detail, the annual reports do not permit an assessment of the performance of the programme, either at outcome level or overall. Appendix L provides an example taken from the revised Annual Plan for 2003–4 (September 2003). It is possible to say whether the Annual Milestones have been achieved (e.g. project management mechanisms established). But the extent to which achieving these, and supporting the initiatives listed, constitutes significant progress towards the GoB Country Poverty Reduction Aim, or how far these contribute to the Change Forecast Step (e.g. a more inclusive society), or how you can measure such steps, remains uncertain.

5.28 Part of the problem lies in the absence of monitorable indicators for the objectives and steps sought. But this is only part of the problem faced by country managers. Indicators measure 'horizontal' achievement (i.e. extent to which the objective on the same row of

the table in Appendix E has been achieved). They do not help with measuring 'vertical' achievement or contribution (i.e. the extent to which an objective contributes to the objective at the next level). It is reasonable to assume that each objective will make a contribution, but it is difficult to judge the magnitude or significance of that contribution.

5.29 The World Bank CAS monitoring framework would seem to provide a possible model for DFID to explore. One improvement lies in the more precise definition of *Key Targets* for the end of the Country Assistance Strategy (CAS) period; of the *Medium-Term Outcomes* to which the CAS will contribute; of *intermediate indicators* for those outcomes; and of the CAS supported *contributors* to those intermediate indicators. But the key improvement may lie in the clearer 'vertical' dimension: WB supported activities → intermediate indicator → medium-term outcome → key CAS target. Clearer vertical steps, with reasonable distances between them, are likely to ease (but not remove) the challenge of assessing contribution.

5.30 The second criticism that can be made of the annual reports relates to their structure and detail (largely prescribed by DFID centrally). Perhaps partly because of all the detail required, the annual reports do not communicate progress and problems concisely and clearly to someone outside the Brazil country programme, including DFID HQ. This poor communication did nothing to dispel the doubts about the Brazil programme that existed within LACAD, and among DFID senior management.

Lesson learning

5.31 The main way in which project level lessons are formally identified within DFID systems are in the project completion report (PCR) under PRISM. There are also often interesting lessons emerging from the project monitoring process. DFID Brazil has attempted to synthesise lessons and report on these annually. However, these cannot be said to be in the forefront of peoples' minds either in Brazil or London.

5.32 Whilst lesson identification takes place DFID does not have an institutionalised mechanism for learning, monitoring or disseminating lessons. Many have been learned" more than once in Brazil as elsewhere. Lessons about institutional strengthening are frequently repeated in PCR but given the result of the Tocantins Cerado appear not to have been learned yet. The problem of grafting complex socio-economic issues onto existing projects has also been identified frequently in many countries besides Brazil. Despite this, the LAD PARP for 2002/3 still states that in Brazil 'the process of retrofitting our existing portfolio . . . focusing on the poverty agenda continues'.

5.33 The Institute of Development Studies (IDS) has conducted research in Brazil, focusing on partnerships, as part of the DFID Organisational Learning Project. The project aims to examine how learning can be institutionalised so that information about best practice can be translated into action. There are no outputs available as yet from this work but it is an issue that DFID cannot ignore if it is to be an effective agent of development and poverty reduction.

5.34 Two detailed case studies (Meijer and Ferreira) have looked at DFID partnerships in the context of NRPP in Maranhão state and the SIF funded work in support of the World Bank state economic memorandum preparation process in Piauí state. Some interesting lessons have been identified for future partnership development.

Programme management

5.35 The programme has faced three particular management challenges during the evaluation period (1997–2003). First and foremost has been the management of change, which is closely related to questions of strategy already discussed. The second is the management of the DFID Brazil/DFID HQ relationship. The third challenge, exacerbated by the previous two, was the internal management of the programme in Brazil.

5.36 The DFID programme has been in a process of change for the past 5 years (and, following the cuts announced in November 2003, is now changing again). Two questions need to be asked. First, was DFID right to attempt to change the programme in the way it has done since 1998? Second, having decided that change was justified, was the process of change the right one and was it well managed?

5.37 The evaluators conclude that DFID was right to try to re-orient the programme from 1998 onwards. Since then the programme has become progressively more relevant for Brazil, and more consistent with DFID policy priorities.

5.38 As regards the second question, the evaluators conclude that the change process since 1998 has not been well managed. A well managed change process would involve the following:

- a thorough, consultative analysis of the case for change, the direction of change, and alternative change strategies
- communication of a clearly defined change vision and strategy
- building change leadership and commitment across the organization
- good communication of the change strategy to partners
- effective, monitored implementation of the change strategy and process.

5.39 There is little evidence that the change process has involved any of the above. The 1998 CSP set out a direction of modest change, but did not have wide support within DFID and/or was sufficiently vague to allow argument to break out within DFID shortly after its publication. Most important of all, DFID has never had a strategy for the change that it wanted to effect. The result was an unnecessarily fraught and destructive change process, the net effect of which does not justify the considerable time and energy expended.

5.40 DFID could have effected the desired change from a largely environmental programme to a more directly largely poverty-focused programme in four ways:

- by stopping or curtailing existing 'old-priority' projects
- by deciding not to fund 'old-priority' projects in preparation
- by attempting to change existing or planned 'old-priority' projects to fit the new priority
- by letting ongoing 'old priority' projects reach a natural conclusion in line with pre-existing agreements.

5.41 Until November 2003 DFID worked on the basis that existing project agreements with government and other development partners should be honoured. The first option was rightly ruled out because of this. Instead, DFID opted for the second and third options. As has already been mentioned, the resulting process was damaging to relationships, absorbed a considerable amount of time and energy, and effected relatively little change. With the benefit of hindsight, the fourth option might have been the better option. Rather than trying to retrofit projects to do what they had not been designed to do, or pretending that projects contributed to pro-poor outcomes when they had not been designed to do so, it might have been better just to have accepted and valued the existing portfolio for what it was, and to have accepted that this would mean that the programme would consist of two parts for a number of years: an 'old-priority' part, and a 'new-priority' part. The former would have been regarded as worthwhile, and would still have been supported, but the bulk of the office resources could have been freed up for developing the new agenda. This would have meant implementing the 1998 CSP as agreed, and then making the 2002-5 CAP a transitional strategy and using this as the instrument by which DFID's changed policy priorities were realised. The underlying point is that honouring the concept of partnership imposes constraints on the extent and speed to which existing commitments can be changed.

5.42 This evaluation covers the period up to November 2003. However, mention should be made in this context of the challenge presented to the country team by the November 2003 cuts, and the way in which they have tried to ameliorate the impact of these. DFID has consulted extensively with ABC, as well as with current and prospective project partners to revise project objectives and workplans in line with the reduced resources available. It has also sought alternative sources of funding from other development agencies to allow some of the projects to be completed. The importance of supporting projects through a phasing out period, and of being as clear and definite in communication as possible, has been recognised.

5.43 The structure of the DFID Brazil/DFID HQ relationship also reduced the effectiveness and efficiency of the Brazil programme until 2003. Up to that time, when some degree of delegated authority was given to the incoming head of office, the Brazil programme was managed from London. Management from London works when the number of in-country advisers and programme staff is limited, if the distance between London and the country office is limited, and if London is content with how the programme is being run locally, as was the case in Brazil up to 1998. Management from London worked progressively less well as the office in Brasilia was expanded, and as the process of change in the programme took off. The long, and ultimately unsuccessful, process of agreeing the new country plan undermined the relationship between DFID HQ and DFID Brazil, as did the long process of agreeing new projects. The controversial decision not to fund two projects—Tocantins Cerado and Altecon—was particularly divisive. The fact that several of the new advisers came from a non-DFID background (and had had very limited induction to DFID), and that some of the local staff had a long history with the 'old-priority' programme, served to increase an atmosphere of 'us and them'. London for its part became frustrated at the perceived slow pace of change and felt that DFID Brazil was increasingly 'off message'.

Assessment

5.44 The programme's work on partnership has been innovative and is highly relevant to DFID more widely. The DFID office has worked hard to reflect the principles of participation and inclusion in their management of projects. This is recognised and appreciated by all of the partners consulted. The office nevertheless recognises the gap that existed between these principles and some of DFID practice, where DFID was sometimes seen as unilateral, abrupt and high-handed. The cuts announced in November 2003 are the most recent example. These have been damaging to DFID's reputation as a development partner, although the country team has worked hard to try to ameliorate the impact on partners and projects.

5.45 The quality of project-level monitoring and evaluation has improved, and the process is now one of the best examples within DFID. Programme-level monitoring has also improved, but probably less, partly because of the demand to complete project-level monitoring via PRISM, and partly because it is intrinsically more difficult. The programme annual reports did not clearly communicate the direction and achievements of the programme to DFID HQ.

5.46 A number of concerns about the management of the programme since 1999, and about the division of responsibility between DFID in London and Brazil, were communicated to the evaluation team. The evaluators conclude that change within the programme has not been well managed; that work was sometimes fragmented; and that internal and external communication could have been better.

6. OUTCOMES

How effective was the programme in achieving the desired outcomes?

This section discusses the extent to which DFID has achieved its objectives over the evaluation period. It begins by reviewing results from DFID's project monitoring system, and then discusses the assessment of programme level performance and DFID's contribution to Brazil's development.

Project performance

6.1 The performance scores for projects completed in the 1997/8–1999/2000 and 2000/1–2002/3 periods are contained in Appendix M, as are the scores for current projects. These are summarised in Table 7 below.

Table 7: Summary of project performance scores¹⁹ (percentage of projects)

SCORE	1	2	3	4	5	X	Number
Projects completed 1997/8–1999/2000							6
Goal			50			50	
Purpose	50	33	17				
Outputs	17	50	17	17			
Projects completed 2000/1–2002/3							6
Goal		33				66	
Purpose	33	33	33				
Outputs	33	33	33				
All completed projects 1997/8–2002/3							12
Goal		17	25			58	
Purpose	42	33	25				
Outputs	25	42	25	8			
Current projects (latest score)							9
Purpose		44	22			33	
Outputs	11	66	22				

6.2 The monitoring scores, particularly in the early period, show the purpose frequently being scored higher than the outputs. This is illogical, and suggests that there was a design and/or scoring problem. A detailed analysis of why scoring was illogical could produce some lessons for future project development.

¹⁹ 1 = likely to be completely achieved.

2 = likely to be largely achieved.

3 = likely to be partially achieved.

4 = only likely to be achieved to a very limited extent.

5 = unlikely to be realised.

X = too early to judge extent of achievement.

6.3 Overall comments on achievement is made more difficult by the fact that the risk element was generally poorly assessed (a shortcoming not confined to the Brazil programme). This makes it difficult to derive meaningful comparisons. This aside, and taking into account the likely over-scoring at purpose level in the first half of the period, the median score would be 2 (likely to be largely achieved). This is a good performance. The current portfolio shows a similar performance at the output level, but probably nearer a 3 (likely to be partially achieved) at the purpose level.

6.4 The lower average score at purpose level may be because of cautious scoring at the early stages of a project, or possibly because the assessment is more thorough and critical under the new M&E system. The partnership approach has allowed DFID to create a more open and trusting environment for partners to share their problems and doubts. They have tended to look at themselves (and DFID) with more critical eyes, and no longer see M&E as an opportunity to paint a favourable picture.

Forestry and natural resources

6.5 Most of these projects scored 2 (largely successful) or 3 (partially successful) at the purpose level. On the earlier completed projects there were weaknesses in the linkages between output, purpose and goal. Appropriate indicators were not always present. The longer preparatory phase built into process type projects have helped to develop logframes in a more participatory way and have integrated social issues (e.g. in Gespan). Knowledge generation/research elements tended to be very successful although there are some concerns about effective dissemination because projects did not include communication strategies. More attention has been paid to communication issues in later/ongoing projects. PNE, Dendrogene and Gespan have all developed communication and dissemination strategies.

6.6 The institutional aspects were less successful, sometimes because DFID was forcing the pace based on flawed, idealistic or unrealistic analyses unrelated to actual Brazil priorities. This was particularly the case when retrofitting took place with little buy in from stakeholders (e.g. Apa Norte, BBC phase 1 and Mamiraua).

PPG7

6.7 The mid-term review (World Bank) stated that it was too early to assess the overall effectiveness of the two ongoing projects (NRPP and FRMP) supported by DFID. NRPP was, however, said to have demonstrated the importance of social participation and to have established working practices with diverse agencies with mandate related to the environmental management in the Amazon. Since the MTR the FRMP has supported the development of the National Forest Policy.

6.8 At the time of the mid term review there were no agreed indicators in place for measuring the effectiveness of the programme overall. Work on indicator development was to be carried out by a specific sub-project. The projects within the programme are generally more complex than those of the forestry and natural resources portfolio and of a higher risk. Purpose level scores of 3 therefore represent reasonable performance given the circumstances. These were projects that required long lead in periods and the development of institutional trust.

Health

6.9 The initial engagement in the Health sector from 1997 through the Health Sector Reform Project was of limited effectiveness, largely because it failed to articulate coherently with counterparts at all three levels of Government (Federal, state and municipal). Project effectiveness was compromised by contracting out management which constrained capacity building in key government institutions and served to marginalise project activities within counterpart organisations.

6.10 The OPR of the Health Reform Project from 1997 led to all these issues being effectively addressed in the design of the Ceará Health project. The Review mission identified that DFID activities could have most impact if they were restricted to the state of Ceará, and management was relocated to Ceará to be closer to counterparts. This project has performed well with scores of 2.

6.11 The Health Economics project is still relatively new and it is too early to comment on what is a complex initiative. However, it appears that the lessons from early experience in health reform have been learned and applied in the newer portfolio.

Urban environment/water and sanitation

6.12 Project reports and OPRs demonstrate that the projects had significant local impact. However, wider effectiveness was limited, because dissemination strategies were weak. Both projects were successful in disseminating information to primary stakeholders within the project areas, but neither had an effective plan for disseminating information to other areas. Meetings with Pirapama indicate that there have been few opportunities to replicate activities due to political change and institutional reorganisation. However, this situation has changed for the better recently and people are hopeful that there will be scope for implementing participatory planning approaches once more.

TCU/Administrative reform

6.13 This was a very successful project (purpose score = 1) with strong indicators of cultural change within the TCU and effective skills transfer. There has been replication of the project initiatives within TCU, and also at state level. Other government agencies (such as the Secretariat for Federal Internal Control) have sought support to replicate these approaches (though a project proposal from SFC was rejected in 1999). The follow on project TCU 2 provides an opportunity for further dissemination at the state level. Questions have been raised about extent to which TCU can exercise a systemic impact on the quality of public administration. This concern has lessened in recent years with increasing demand for the findings of the TCU's work, and with their position further strengthened under the new government.

Programme performance

6.14 The CSPR in 2001 was tasked with assessing the impact and development contribution of the 1998–2000 DFID programme. The CSPR noted that such an assessment was handicapped by the lack of a framework of objectives, targets and indicators at

programme level. One of its recommendations was that an explicit logframe should be developed as part of the new three-year CSP and longer-term strategic framework (Appendix N). This recommendation was not implemented.

6.15 An assessment of the performance of the DFID programme from 2001 to 2003 onwards is also handicapped by the lack of a framework of objectives, targets and indicators at programme level (see para. 5.27-5.28 above). The Country Assistance Plan was not approved in principle until September 2003. Even if it had been agreed earlier, it does not provide a sufficient framework for assessing the performance of the DFID country programme. Such progress reports as have been produced as part of annual plans from 2002 onwards also fail to provide an adequate framework for assessing programme performance beyond achievement of the annual targets listed under each outcome.

Table 8: Examples of project contributions

Projects / Initiatives	Contribution
Ceará Health	<ul style="list-style-type: none"> • Influence on state policy and decision making by bringing up issues such as social inclusion, intersectoral approaches and strategic planning, and their importance to a more inclusive and equitable health system. • Contribution to the 2003–06 Ceará State Health Strategic Plan.
Regional HIV/AIDS	<ul style="list-style-type: none"> • Established links between Brazil, other countries in the region, and Russia to share best practice and lessons learned.
PPG7	<ul style="list-style-type: none"> • Raising awareness of natural resources/environmental management. This has contributed to a change in Brazilian attitudes and policies, including a new national strategy and a coherent social and environmental policy for Amazonia.
Health Economics	<ul style="list-style-type: none"> • Helped convince government that they need to allocate budget resources to improve their analysis of social resource allocations.
Institutional Racism	<ul style="list-style-type: none"> • With other partners (UNDP and PAHO), preparatory work has influenced key government representatives, as well as created interest in the World Bank.
IADB CAS review	<ul style="list-style-type: none"> • Support has ensured the inclusion of race, gender, inequality and other social issues in the evaluation of the CAS.
BBC Cerado GESPAN Dendrogene	<ul style="list-style-type: none"> • Introduced themes such as participation, access to markets, and the social use of scientific research to EMBRAPA (the Brazilian public organisation for agricultural research).

6.16 The extent to which the DFID programme has contributed to changing government policy in a pro-poor direction is an important test of programme-level effectiveness. Attribution at this level is difficult, but the evaluators are not aware of any areas where the programme would claim a direct contribution of this type. There are nevertheless a number of positive lower-level contributions (Table 8).

6.17 One factor that may have reduced the overall impact of the programme was the lack of a strategic focus to the programme for most of the period under review. The earlier environment/natural resources dominated programme did at least represent a programmatic focus. It is more difficult to discern this in the rest of the programme, nor is there evidence of a strategic approach to achieving systematic impact for most of the period under review. It is difficult to avoid the judgement that in the earlier years the programme was a disparate collection of enclave projects, albeit mostly with a common environment/natural resources focus, and that this reduced the overall impact of the programme. There was much more evidence of a strategic approach latterly. The programme developed a number of high-level strategic partnerships, made effective use of the Strategic Impact Fund (Appendix G), and worked to inter-link the project work at a more strategic level.

6.18 One further factor makes it particularly difficult to assess the development contribution of the DFID programme: the size of the programme relative to the scale of Brazil's economy and government. Particular project-level contributions to policy and practice can be identified, but the contribution of these to wider development progress is impossible to judge. Although much appreciated by partners, the difference in macro-development terms between a Brazil with a DFID bilateral programme and a Brazil without a DFID bilateral programme is discernibly nil. This does not mean that the programme has not made a positive contribution (which it has), or that most of the projects have not been largely effective (which they have), or that the development benefits of the programme do not justify the costs (which is impossible to judge), or that the political benefits to the UK have not been significant (which they probably have been).

Assessment

6.19 Available information suggests that the performance of DFID-supported projects and initiatives has been good. DFID has a high reputation for the technical and personal qualities of its staff, TCOs and consultants.

6.20 Assessing the performance and contribution of the programme as a whole is much more difficult, not least because of the relative size of the DFID programme and the lack of an adequate framework of targets and indicators in all the country strategies/plans produced to date. That said, the overwhelming message from the consultations is that DFID is one of the most highly regarded development organisations in Brazil. DFID's relative openness and flexibility are much appreciated by Brazilian partners. The political benefits of the UK aid programme have probably been significant.

6.21 This largely positive picture needs to be tempered by the observations made regarding strategy, focus, communication, changes in direction, and corporate attitudes. Perceived deficiencies in all these had already done some damage to DFID's generally high reputation, and reduced the impact of the programme, even before the cuts to the bilateral programme announced in November 2003.

7. CONCLUSIONS AND ISSUES

7.1 The DFID programme in Brazil has had a troubled history since 1998. It, and the Latin American Programme more generally, has for some time been seen as slightly marginal to DFID, with an uncertain future. Although prompted by the conflict in Iraq, the large cuts to the bilateral country programme that were announced in November 2003 are not surprising given the ambivalence by senior management and Ministers towards the programme that has existed for many years. This combination of ambivalence and uncertainty has not provided a secure basis for the Brazil programme, and partly explains why the arguments over the country strategy have been so long drawn out.

7.2 The overall performance of the programme since 1997 has been mixed. In many respects the programme has performed well. The evaluation concludes that:

- the programme has always been relevant, both to Brazil's priorities and to DFID's policies at the time, and has been responsive to changes in both
- project effectiveness has been good. The majority of projects are rated as largely successful or better
- project-level monitoring and lesson-learning has improved
- the work on partnership has been innovative, has improved relationships, and has great relevance within DFID more widely
- the continuity of effort in building and maintaining relationships through a period of great uncertainty within DFID has been particularly creditable
- new areas of social and governance work have been developed
- strategic and more programmatic ways of working have been developed
- DFID was, until November 2003 at least, one of the most highly regarded development agencies in Brazil.

7.3 In other respects the programme has performed below its potential:

- DFID's inability to abide by the 1998 strategy, or to produce an agreed strategy from 2001 onwards, had a negative impact on the programme
- while DFID was right to re-orient the programme over time, it had no explicit change strategy. The change was poorly managed and communicated
- the attempt to re-engineer existing and planned environment/natural resources projects was a mistake. It damaged relationships, undervalued what was being achieved, and diverted staff time away from developing new areas of work
- a gap has existed between the partnership principles espoused by DFID, and its behaviour in practice. DFID has sometimes appeared abrupt, unilateral and high-handed
- the organisational relationship between DFID HQ and DFID Brazil did not work well. Some delegated authority was only granted to DFID Brazil in 2003
- despite some good initiatives involving multilateral agencies in recent years, the evaluators are not convinced that there was a strong case for a bilateral country (as opposed to regional) emphasis on these agencies in the Brazilian context.

7.4 These criticisms aside, there was every indication in 2003 that the programme was set to improve. Convergence between UK and Brazilian development priorities was excellent; new social inclusion, governance and health projects were due to start after a long period of preparation; much of the 'old-priority' environment/natural resources programme was due to complete; a new CAP had at last been agreed and approved; a new RAP was in draft; a measure of delegated authority had been given to the Brazil office; new local advisers were due to join; and a new head of DFID Brazil had been appointed. Unfortunately, the announcement of the severe cuts to the bilateral country programme that were announced in November 2003 has meant that the programme has had to embark on another rapid and difficult process of change. The country team has worked hard to ameliorate the impact of these cuts on projects and partners, and to improve communication, but some damage to DFID's relationships and reputation has been unavoidable.

7.5 The experience of the Brazil programme over the evaluation period (1997–2003) raises five issues for DFID:

- a. assessing country programme performance
- b. working with multilateral agencies
- c. strategic continuity
- d. managing change
- e. development partnership.

Assessing country programme performance

7.6 The 2001 review of the 1998 CSP was handicapped by the lack of a framework of objectives, targets and indicators at the programme level. This evaluation has faced a similar problem for the more recent period, and the 2002–2005 CAP will be no easier to evaluate. In the absence of precise, monitorable indicators at the initiative, outcome and objective level, it will simply not be possible to assess progress and performance in any meaningful way.

7.7 It is important that DFID is able to assess the overall effectiveness of its country programmes, in addition to assessing effectiveness at the project or initiative level. One way of doing this, as recommended by the 2001 CSPR, is for DFID to develop an explicit logframe for the period of the CAP. The other way would be to adopt the type of Results Framework now being used to monitor the World Bank CAS. This links progress in Bank-supported activities, to progress in intermediate indicators for medium term outcomes, to progress in Brazil's long-term goals. Each level should have precise and monitorable indicators of achievement.

Working with multilateral agencies

7.8 The pressure to work with, and influence, multilateral agencies in Brazil has in the past been driven by wider DFID policy and presumptions, rather than by any evidence that it has or will be effective in Brazil (or other middle-income countries). The programme has latterly made good progress in this area, and this is set to become a much more important

focus under the new RAP. However, the lesson of the Brazil experience (that has now been learned and reflected in the programme) is that any strategy based on collaboration with multilateral agencies needs to be based on a careful analysis of the potential for pro-poor impact from partnerships with each agency, and a good institutional understanding of them. As in other areas of work in middle-income countries, the type and level of DFID engagement with multilateral agencies may need to be very different from that in low-income countries.

Strategic continuity and commitment

7.9 The history of the Brazil programme illustrates the difficulties of developing a strategic focus for a period long enough to deliver against objectives in a climate of constantly shifting priorities and ambivalence towards the country programme. Mixed messages resulted in a five-year period of uncertainty that was only resolved in 2003 with a programme as potentially coherent as had been the case in the early years with its focus on environment and sustainable development.

7.10 There is also a trade-off to be made between constantly changing projects and programmes in order to fit with new DFID policies and priorities, and supporting project and programme relationships long enough and consistently enough for significant and sustainable results to be achieved. Part of the problem is that DFID gives greater weight to policy-fit than to relationships and results, not least because the former is easier to demonstrate.

7.11 This should not be interpreted as an argument against change. It is, however, an argument for recognising the merit in following a long-term and consistent approach that develops and values relationships. This needs to be balanced against the case for, and costs of, rapid change. There is a trade-off to be made. As the Brazil experience demonstrates, doing one comes at a cost to the other.

Managing change

7.12 This report recognises that some change is positive and necessary, and that the change process may be difficult. The key message is that change should if possible be more gradual, but certainly better managed. Many staff and partners in Brazil were more concerned at the way DFID tried to re-orient the programme from 1998 onwards, than they were by the objective (although there were real concerns about the latter). Similarly, it is the uncertainty created by the cuts to the bilateral programme, and the pace at which they have to be implemented, which have heightened the negative reaction since November 2003. A careful and considered run-down over 5–10 years would have been less damaging to projects, partners and DFID's reputation in Brazil.

7.13 A well-managed change process would involve:

- a thorough, consultative analysis of the case for change, the direction of change, and alternative change strategies
- communication of a clearly defined change vision and strategy
- building change leadership and commitment across the organization

- good communication of the change strategy to partners
- effective, monitored implementation of the change strategy and process.

Development partnership

7.14 Work on partnerships has been particularly welcomed in Brazil where the term is frequently used by both government and non-government organizations. The output of the Sahy workshop, with its focus on DFID internal attitudes and behaviour, raises a challenge for the way programmes are developed and managed. There is a tension between what is seen as good practice for partners in development, and the institutional culture of DFID as an agent of British government policy. There has also sometimes been a gap between the partnership principles developed and espoused by DFID and some of DFID practice.

7.15 The work on partnership, and the history the programme and particular relationships over the period 1997–2003, raises a significant challenge for DFID. DFID is a development organisation focused on reducing poverty. It forms relationships with governments, NGOs, civil society, and poor people to achieve this. This should carry with it a greater level of corporate responsibility for how these relationships are conducted, managed and eventually ended.

APPENDIX A: LIST OF PROJECTS REVIEWED

75% projects ²⁰

1997–2000

NRPP	Natural Resources Policy Programme, PPG7 Chevening Scholarships Small Grants Scheme Health Reform Project Administrative Reform Support, Ministry of Administration and State Reform
Apa Norte	Environmental Planning and Management of the Apa Norte Region
Mamiraua	Management of Mamiraua Sustainable Development Reserve Tocantins Phase II
Pirapama	Sustainable Development for the Pirapama Catchment Area, Recife Development of Piper Hispidinervium
Cerado Biodiversity	Conservation and Management of the Biodiversity of the Cerado Biome
CPATU	Rainforest Silviculture Research Project Central Amazonia flora and vegetation project
PNE	Plantas do Nordeste

2000–2003

NRPP	Natural Resources Policy Programme, PPG7
Mamiraua	Management of Mamiraua Sustainable Development Reserve
PNE	Plantas do Nordeste
Apa Norte	Environmental Planning and Management of the Apa Norte Region Small Grants Scheme
Ceará Health	Ceará State Health Support Project
Health Economics	Strengthening Health Economics Capacity
FCAP	Institutional Strengthening of the Faculty of Agricultural Science, Para
G7Varzea	Floodplains Natural Resources Management Project , PPG7 Dendrogene
FRMP	Forest Resource Management Programme, PPG7

²⁰ These are the largest 20 activities which account for 75% of DFID expenditure during the 1997/8 – 1999/2000 and 2000/1–2002/3. Two of the 20 activities were not projects as such: Chevening Scholarships and the Small Grants Scheme. A third non-project activity—the TC Training Programme—would have been included had it had a single MIS code.

Focus Projects

HIV/AIDS	Regional HIV/AIDS Prevention Project
NRPP	Natural Resources Policy Programme, PPG7
TCU	Reducing Social Inequality, Brazilian Court of Audit
Tocantins Ceraodos	Sustainable Development of the Ceraodos in Tocantins State
ProUFRA	Institutional Strengthening of Universidade Federal Rural da Amazonia
GESPAN	Participatory Management of Natural Resources at Municipal Level
Pirapama	Sustainable Development for the Pirapama Catchment Area, Recife
PNE	Plantas do Nordeste
Altecon	Eastern Amazonia Sustainable Livelihoods

APPENDIX B: METHODOLOGY OF THE EVALUATION

The evaluation of the DFID programme in Brazil (1997–2003) was part of a pilot Country Programme Evaluation (CPE) study covering three countries (Brazil, Cambodia and Romania). The main objective of this study was to assess the relevance, effectiveness and efficiency of the three DFID country programmes. The secondary objective was to develop the approach and methodologies for CPEs within DFID.

In keeping with the wider purpose of the evaluation to explore appropriate methodologies for the evaluation of DFID programmes at the country level, it had been hoped to develop further the wide range of methodologies that had been applied in the first CPE of the series (Romania). This did not prove possible because of the cuts to the bilateral programme in Brazil (and other Middle-Income Countries (MICs)) announced in November 2003. A lighter approach focusing on the key issues identified by the country team, while still addressing the main evaluation questions, was therefore employed.

In common with the other CPEs, the Brazil evaluation aimed to answer five main evaluation questions:

1. **Context:** what was the context within which the country programme was planned and implemented?
2. **Strategy:** how did DFID's country strategies evolve, and were they relevant and appropriate?
3. **Programme:** did DFID do the right things, given the country context and strategies?
4. **Process, organisation and management:** did DFID operate, and was the programme organised and managed, in the right way?
5. **Outcomes:** how effective were the programmes in achieving the desired outcomes?

The answers to these were facilitated by a number of subsidiary questions in an evaluation matrix structured as in the example below.

QUESTION	DOCUMENTARY RESOURCES	OTHER METHODS & EVIDENCE
1. CONTEXT—what was the context within which the country programme was developed and implemented?		
1.1 What were the 'drivers for change' within Brazil 1997–2003?	<ul style="list-style-type: none"> • INESC report 	<ul style="list-style-type: none"> • time line with DFID staff
1.2 What were the major changes and events within central DFID 1997–2003?	<ul style="list-style-type: none"> • EvD background report on changes • White Papers • DFID Annual Reports 	<ul style="list-style-type: none"> • time line with DFID staff

In addition to these generic questions, the Brazil evaluation addressed six specific issues agreed as being of most value for DFID:

- the management of change within the DFID programme and projects
- how DFID has worked with, and related to, multilateral agencies
- monitoring and evaluation at project and programme level
- support for Brazil's regional and international role
- the DFID HQ–DFID Brazil relationship
- the evolving political, social and economic context in Brazil, and DFID's response.

Methods

The following methods were used in the Brazil evaluation:

- initial briefing sessions in DFID HQ with regional and country programme managers in London and with Evaluation Department in East Kilbride
- review of background literature on Brazil and assembly of major reports
- an initial scoping visit to Brazil for one week in November. This concentrated on a series of detailed briefings and discussions with the country team in Brasilia. These included group and individual sessions on programme overview and evolution; analysis of DFID's partnerships; and stakeholder analysis.
- the preparation of a timeline and stakeholder analysis in collaboration with DFID staff. The latter involved the identification of all significant partners/stakeholders in DFID's programme and the plotting of their position on a graph to demonstrate the relative importance of each and the degree of influence, which DFID believed it to have with each stakeholder.
- collection and review of the major documents for the 75% and focus projects,²¹ and for the programme as a whole
- commissioning a background paper on the social, economic and political context in Brazil by the Instituto de Estudos Socioeconômicos (INESC)
- commissioning background papers on the role of multilateral agencies in Brazil, and on the Tocantins Cerado project, by Wellington Almeida
- on the main evaluation visit for two weeks in December 2003, further individual interviews of DFID staff; an assessment of partnerships as viewed by DFID and a small number of its partners; and completing the documentary reviews of the 75% and focus projects (see lists at Appendix A)
- interviews with selected partner organisations to assess how others see DFID in Brazil. These included government, government agencies and other bilateral donor organizations in Brasilia.

²¹ Project Header Sheet (PHS), Project Memorandum (PM), Logical Frameworks (LF), Output to Purpose Reviews (OPR) and Project Completion Report (PCR).

- short visits to Belém and Palmas for discussions with a range of project staff
- a short visit to Palmas as part of a case study of the Tocantins Cerrados project
- the establishment of a Core Learning Group (CLG) of interested stakeholders and partners in Brazil. The CLG met with the evaluators during each visit, and gave feedback on the draft report via a video-conference
- a video-conference with the country team in Brasilia, and a meeting with Latin America Department in London, to discuss the draft report.

APPENDIX C: PEOPLE CONSULTED

DFID UK

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Bo Sundstrom
Marcel Viergever
Monique Vledder

BRITISH EMBASSY, BRAZIL

Roger Bone	Ambassador
Richard Barlow	Second Secretary
Robert Luke	Second Secretary

BRITISH COUNCIL, BRAZIL

Irene Taitson	Scholarship Manager
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GOVERNMENT, OTHER PARTNERS AND CONSULTANTS

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Ian Thompson	Dendrogene
Silma Serpa	TCU
Dagomen Sima	TCU
Jorge Yared	
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Jorg Zimmerman	Acting Secretary, SCA, Ministry of Environment

DEVELOPMENT AGENCIES IN BRAZIL

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Francisco Gaetani	UNDP
Richard Goughnour	USAID
Antonio Magalhaes	Deputy Representative, World Bank
Arno Piel	European Commission
Florence Raes	UNIFEM
Louis Verret	CIDA
Dietmar Wenz	KFW
Gregor Wolf	PPG7 Coordinator, World Bank

APPENDIX D: BRAZIL'S PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS

Goal	Indicator	Data	Year
Eradicate extreme poverty and hunger	Population below \$1 per day (%)	9.9	1998
Achieve universal primary education	Net primary enrolment ratio (% of relevant age group)	97	2000
Promote gender equality	Ration of girls to boys in primary and secondary education (%)	103	2001
Reduce child mortality	Under 5 mortality rate (per 1,000)	36	2001
Improve maternal health	Births attended by skilled health staff (% of total)	88	1995
Combat HIV/AIDS, malaria and other diseases	Prevalence of HIV, female (% ages 15–24)	0.3	1999
Ensure environmental stability	Access to an improved water source (% of population)	87	2000

Source: DFID Brazil Country Assistance Plan, 2003–2005, Annex 5, Draft (October 2003)

APPENDIX E: TREATMENT OF MAINSTREAM ISSUES IN THE DFID STRATEGIES

	Poverty	Gender	Environment
CSP95	Skewed income; NE worse; importance of migration to cities and growth of urban poverty; reservations about good govt having quick, direct impact on poor but accepting need for public sector reform as strategic for long term poverty reduction	Gender is not mentioned. Position of women reviewed in one paragraph highlighting inequalities in earnings; fewer in top positions; high rates of urban migration; 20% households headed by women over represented amongst lower income groups. Women's reproductive health care a particular concern	MoU 89 focus on environmental cooperation; Brazil target country within ODA biodiversity strategy. Regional aid strategy for L America agreed by Ministers in 1993. Regional programmes should focus on three of ODA's departmental objectives, giving emphasis to the needs of the poorest. The environment priority major emphasis of Brazil programme.
CSP98	Poverty issues integrated within the document; relates to inequity in income and access to services; links with natural environment and poverty in Amazon; govt progress noted; need for DFID to engage in political dialogue and influence as well as linking with multilaterals	No mention of gender or of women except in the IDT section on progress	Mainstreamed throughout as DFID statement of purpose for programme is the protection and better management of the natural and physical environment. Emphasis to change to address specifically the development needs of poor people.
CAP 2001/2	Mainstreamed in document; inequality issues and link to gender, race and location; stronger poverty analysis and implications for the programme and ways of working; stress on maintaining a poverty focus throughout the portfolio including in PPG7; Poverty analysis justifies the focus/ outcome areas but does not really examine, from a poverty perspective, why the choice has been to move away from environmental issues where DFID had comparative advantage	Related to poverty and inequality indicators; importance of disaggregated data; intention to support gender specific initiatives especially related to social inclusion and policy dialogue; little gender analysis presented	Paper states we are in transition from the post-Rio environment agenda—is unclear what this means; will be increased stress on policy and support for the G7 Amazon programme will be to increase its development and poverty focus to support livelihoods of local people; intention to mainstream environmental management into the development process, not as an end in itself, but as a requisite for sustainability.

APPENDIX F: DFID COUNTRY STRATEGY OBJECTIVES

CSP95	CSP98	CSP01
	Supergoal GoB achieves IDTs and contributes positively to global environmental agenda	Supergoal Brazil achieves the MDG
	Goal Progress made with national strategies for sustainable development relating to issues of both national and global significance bearing in mind the needs of the poor	Goal To contribute to reducing poverty in Brazil by 50% by 2015
Purpose To promote sustainable forest management and the conservation of biodiversity in the Amazon rain forest, taking account of the economic and social development needs of the local communities	Purpose To strengthen policies and institutions, improve governance and management of public resources, in support of improved livelihoods and progress of global initiatives on the environment, international trade and investment	Purpose to support Brazilian partners to reduce inequality in the north and north-east of Brazil
Output Strengthened capacity in environmental policy, planning, management and enforcement within state level environmental institutions	Outputs Strengthened natural resources policies and institutions at federal, state and local level	Outputs Poor and marginalised people realizing their human rights(<i>more an outcome</i>)
Understanding of biodiversity of ecosystems and their conservation developed and documented, and strengthened scientific research capacity	Sustainable development approaches related to livelihoods in Amazonia and Cerado developed and disseminated	A coherent pro-poor policy environment supporting sustainable development
Models of sustainable management, including research and trials into possible economic production activities piloted	Dialogue established with Brazil on regional and global development issues (environment and trade)	Government providing efficient, effective and accountable pro-poor services in key areas that address diversity and inequality issues
Developed capacity and strategies within institutions offering agricultural extension to small farmers; guidance to the commercial sector in sustainable forest management; and environmental education to the public	Progress on public sector reform programmes—particularly health and administration	

Note: the objectives for 1995 and 1998 have been inferred from the documents. The 2001 draft states goal and purpose and describes outputs here as outcomes (in fact a combination of both).

APPENDIX G: THE STRATEGIC IMPACT FUND (SIF)

The fund was set up to allow the Brasilia office (operating without delegated authority) the ability to respond quickly to emerging opportunities or to support participatory preparatory activities for future projects. A sum of £200,000 per annum was agreed in the third quarter of 2000.

Objectives and principles established by DFID Brazil are:

The objective is to facilitate small scale strategic and policy interventions contributing to the achievement of the MDGs.

The principles applied in spending are:

- the potential for making strategic impact on a key area of policy related to DFID's poverty and inequality reduction priorities in Brazil, within the policy framework of DFID's strategies for achieving the MDGs
- the extent to which any proposal is innovative and at the cutting edge
- the willingness to take a risk if there is potential for high impact.

The fund is designed to contribute to:

- system and policy development, rationales for strategies and options for operational change, and identification of new opportunities
- dissemination of innovative approaches and best practice
- generation and dissemination of innovative approaches and best practice and methods for best practice.

The criteria for support are:

- the funds will be for small-scale interventions
- the funds will be for specific discrete activities rather than for continuing projects or programmes
- larger-scale activities or on-going programmes should continue to be carried out in accordance with normal DFID project cycle procedures
- the fund should be used for programme and partner activities and not for DFID Brazil internal activities.

A total of £53,000 was spent in the year 2001/2. Allocations were primarily based on maintaining contact with key potential partners and developing work prior to approval of the new CSP. Preparatory activities were conducted around race, gender and equity issues. The newly emerging work around the proposed Social Inclusion in Policy and Planning (SIPP) at the State level was developed using SIF resources and resulted in a facilitation role around the World Bank preparation of the State Economic Memorandum in Piaui. DFID's support was highly valued by all participants in the process. Almost all of the 2001–2 work was carried out in association with the IFIs or UN system as well as with Brazilian partners. In the case of BNDES the aim was to develop links with an IADB credit line of \$900 million.

The spend in 2002/3 totalled £193,974.81. The largest spend (36%) was on support of the poverty/inequality reduction policy and planning processes in north/north-east Brazil, feeding into SIPP development. Work, alongside the World Bank was carried out in four states. The funded activities had close links with the key themes in the new DFID Brazil CAP, such as poverty and inequality reduction, social inclusion, race, making markets work for the poor (markets and livelihoods) and also least participatory processes to facilitate institutional change and awareness building within government and civil society.

The fund supports the partnership approach and participatory processes, as expressed in the CAP. In the case of the Participatory Planning work it has helped DFID engage with the Council of Social Economic Development. The Government is aware of DFID expertise in participatory planning methods and approaches and have directly requested the WB and DFID for support in the engagement of civil society in the Brazilian Budget Planning process.

The added value of the SIF is that it enables practical work to be carried out with partners as opportunities arise. The IFIs in particular do not have this flexibility and their long bureaucratic procedures can make collaborative work difficult to organise. The SIF encourages partnerships through joint activities and demonstrates real commitment rather than just discussing how nice it would be to do something together.

Social inclusion in policy and planning project (SIPP)

During the consultation process for the design of the 2001 CSP Brazilian organizations identified inequality issues as of key importance for poverty reduction. Inequality is recognised as being directly related to social exclusion, particularly to bias by gender, race, ethnicity and social class and to regional inequalities in the north and north-east states.

The SIPP was designed to increase social inclusion in policy and planning processes in DFID's four focus states. The project approach was to build accountability by working with municipal and state level planning processes; civil society and the IFI work on policy and investment decisions. Preparatory work, which contributed to project design, was supported under the SIF as follows:

- Piauí - workshop between government and civil society to support inclusion of participatory planning processes at state level as a contribution with World Bank part of the preparation of WB State Economic Memorandum
- Pernambuco—planning with the WB a process of reflection on the government programme 'Governo nos Municípios' the participative regional planning mechanism
- Bahia—supporting participatory processes as part of the WB/Bahia state integrated strategy
- Ceará—initial planning with government, civil society and the DFID Ceará health project as to support the definition of participative public policy making and social inclusion in the State.

This project will not now go forward as planned due to the MIC cuts although some funds will be available to continue some work on a reduced scale. The preparatory work has, however, established DFID as having comparative advantage amongst donors in facilitating participatory processes. The World Bank was particularly hopeful that it could work with DFID in providing the requested support to the Presidency in developing a strategy for the participation of civil society in planning and policy implementation.

APPENDIX H: ANALYSIS OF POMS AND PAMS

PAM (Poverty Assistance Marker) 1997

Focused	Enabling	Inclusive
Tocs 2 £1.3m	CPATU £2.5m	Mamiraua 2 £2.8m
	FLORA £1.2m	Health reform £1.9m
	MARE £0.6m	Apa Norte £1.1m
	TCU 1 £0.7m	Piper £1.2m
	BBC Cerado £1.38m	PNE £1.85m
	ITTO £1 m	
	Science Centres £0.5m	
	NRPP £5.5m	
	Pirapama £1.4m	
Total of all projects £1.3m (5.3%) Number of projects=1	Total of all projects £14.78m (59.2%) Number of projects=9	Total of all projects £8.85m (35.5%) Number of projects=5

POM (Policy Objective Marker) 1997

Sustainable Livelihoods	Opportunities for the poor	Natural/Environment
CPATU £2.5m	MARE £0.6m	FLORA £1.2m
BBC Cerado £1.38m	Health reform £1.9m	ITTO £1 m
TCU 1 £0.7m		Tocs 2 £1.3m
		Mamiraua 2 £2.8m
		Science Centres £0.5
		NRPP £5.5
		Pirapama £1.4m
		Apa Norte £1.1m
		Piper £1.2m
		PNE £1.85m
Total of all projects £4.58m (18%) Number of projects=3	Total of all projects £2.5m (10%) Number of projects=2	Total of all projects £17.85m (72%) Number of projects=10

PAM 2000

Focused	Enabling	Inclusive
Tocs 2 £1.3m	Dendrogene £1.6m	Mamiraua 2 £2.8m
Ceara health £3.3m	ProVarzea £5.1	FRMP £1.23m
	TCU 1 £0.7m	Apa Norte £1.1m
	BBC Cerado £1.38m	Piper £1.2m
	ITTO £1 m	PNE £1.85m
	NRPP £5.5m	
	Pirapama £1.4m	
Total of all projects £4.6m (15.6%) Number of projects=2	Total of all projects £16.68m (56.6%) Number of projects=7	Total of all projects £8.18m (27.8%) Number of projects=5

POM 2000

Sustainable Livelihoods	Opportunities for the poor	Natural/Environment
BBC Cerado £1.38m	Ceará health £3.3m	Dendrogene £1.6m
TCU 1 £0.7m		ITTO £1 m
		Tocs 2 £1.3m
		Mamiraua 2 £2.8m
		FRMP £1.23m
		NRPP £5.5m
		Pirapama £1.4m
		Apa Norte £1.1m
		Piper £1.2m
		PNE 1.85m
		ProVarzea £5.1
Total of all projects £2.08m (7%) Number of projects=2	Total of all projects £3.3m (11%) Number of projects=1	Total of all projects £24.08m (82%) Number of projects=11

PAM 2003

Focused	Enabling	Inclusive
Ceara health £3.3m	Dendrogene £1.6m	Health econ £4.98m
PDP/I £2.1m	CERDS £2.5m	FRMP £1.23m
	Gespan £3.0m	
	ProUFRA £2.5	
	BBC Cerado £1.38m	
	ITTO £1 m	
	ProVarzea £5.1m	
	MAPS £0.23m	
	PPG7 transition £0.5m	
Total of all projects £5.4m (18%) Number of projects=2	Total of all projects £ 17.81m (61%) Number of projects=9	Total of all projects £6.21m (21%) Number of projects=2

POM 2003

Sustainable Livelihoods	Opportunities for the poor	Environment
Gespan £3.0m	Health econ £4.98m	Dendrogene £1.6m
BBC Cerado £1.38m	CERDS £2.5m	ITTO £1 m
PDP/I £2.1m	Ceará health £3.3m	ProVarzea £5.1
MAPS £0.23m		FRMP £1.23
ProUFRA £2.5m		PPG7 transition £0.5m
Total of all projects £9.21m (31%) Number of projects=5	Total of all projects £10.78m (37%) Number of projects=3	Total of all projects £9.43m (32%) Number of projects=5

APPENDIX I: PROJECT PORTFOLIO BY SECTOR

Sector	Project	Start *	Total £m	97/98	98/99	99/00	00/01	01/02	02/03
For/RL	INPA forest Biomass research project	91	1.9						
For/RL	CPATU Rainforest Silviculture Research	91	2.5						
For/RL	Central Amazonia Flora DUCKE	91	1.2						
For/RL	Tapajos Forestry Management	92	1.0						
For/RL	Mamiraua Ecological Reserve—Phase 2	92	2.8						
For/RL	Tocantins Forestry and Rural Development—Phase 2	93	1.3 (2)						
Gov	Administrative reform MARE	96	0.6						
Health	Health sector reform	96	1.9						
Gov	TCU phase 1	97	0.7					Prep fund	Phase 2
PPG7	Science Centres	97	0.5						
PPG7	Natural Resources Policy NRPP	97	5.5						C
For/RL	Cerado Biodiversity BBC (phase 1 and 2)	97	1.38						O
Water	Pirapama Catchment	97	1.4						
Urban	Apa Norte Sustainable Development Plan	97	1.1						
For/RL	Piper Development		1.2						
For/RL	Plantas de Nordeste PNE		1.95						C
Approved under CSP 1999/00–2000/01 second period									
For/RL	DENDROGENE		1.6						O
PPG7	Forest Resource Management FRMP		1.23						O
PPG7	Pro Várzea		5.1						O
Health	Ceará Health		3.3						O
Submitted under CSP99 but redesign/ delayed approval									
Health	Health Economics		4.98						O
For/RL	Institutional Strengthening FCAP—PROUFRA		2.5						O
For/RL	GESPAN		3.0						O
For/RL	Tocantins Cerado (Preparatory phase. Continuation not approved)		0.27						X
PPG7	Indigenous Peoples PDP/I		2.1						O

Sector	Project	Start *	Total £m	97/98	98/99	99/00	00/01	01/02	02/03
Projects Approved Prepared/Submitted under draft CAP 2001-03									
PPG7	Funding for Transition phase		0.5						
Prog	Strategic Impact Fund		0.25/year						O
Gov	TCU phase 2 CERDS		2.5					Prep fund	O
Gov	MAPS		0.23						O
For/RL	Eastern Amazonia Babau (ALTECON)								Rejected
Social	Combating Institutional Racism		0.76						
Social	Support to Gender Equality		1.85						
Gov	Social Inclusion in Policy and Planning		0.85						

Notes:

Current projects use DFID Brazil dates not PRISM

* Start Date when support commenced prior to financial year 97/98

APPENDIX J: PERCEPTIONS OF DFID AS DONOR/PARTNER BRASILIA (2001)

Strengths	Weaknesses
<p>Focus on IDT</p> <p>Pro-poor policy</p> <p>Services for poor</p> <p>Counterparts can develop ownership</p> <p>Increased participation to define what poor people want</p> <p>More Brazilian staff in country office—help institutional memory</p>	<p>Lack of continuity (policy and staff)</p> <p>Diverse portfolio not linked to DFID policy</p> <p>Poor communication between DFID and projects</p> <p>Partners' lack appreciation of DFID procedures</p>

ABC (2001)

Strengths	Weaknesses
<p>Technical capacity in research and knowledge generation projects</p> <p>Spread across different sectors</p> <p>Willingness to move into urban sector</p> <p>Involvement of Brazilian partner(s) in recruitment/selection of TCO staff</p> <p>Increased number of advisers in Brasilia</p> <p>Improving impact monitoring</p>	<p>Lack of annual meetings to review programme</p> <p>Unclear policy base for decisions (over last 2 years)</p> <p>Flexibility apparently decreasing</p> <p>Few links between projects</p>

Project Implementing Partners

Strengths	Weaknesses
<p>Commitment to participation and dialogue welcome with the provisos under weaknesses</p> <p>Good technical assistance/support when needed</p> <p>Serious and committed DFID staff</p> <p>Involvement of ABC in project monitoring and the more participatory process in last two years</p> <p>Prompt releasing of funds</p>	<p>Lack of clarity of status of review teams recommendations—sometimes changes subsequent to visit with little or no consultation</p> <p>Long delays in getting agreements to revised logframes or changes to projects can cause hiatus to work or insecurity</p> <p>Annual monitoring would be enough—other visits welcomed but more to participate in project activities; should not only be about monitoring</p> <p>Lack of transparency in policy changes and implications for projects Some confusion over decision making processes—who does make decisions?</p>

Other Donors/Brazilian Organisations

Strengths	Weaknesses
<p>Strong technical assistance capacity</p> <p>High quality staff and increased numbers of professional Brazilians in office</p> <p>Open dialogue and discussions; inclusive working methods</p> <p>Ability to facilitate participatory processes</p> <p>Quick access to flexible funding enables joint ventures</p> <p>Not looking for individual but for joint impact</p>	<p>Some confusion over DFID apparently rapid changes in policies and strategies</p>

APPENDIX K: ANALYSIS OF BEHAVIOURAL CHARACTERISTICS

	←—————→					
Focus on ourselves				**		Working with others
Going for quick impact			***			Longer term processes and change
Always reporting the good				**		Reporting reality
Ignoring the past				**		Analysing experience
Complex procedures				*	*	Simple procedures
Repackaging for internal reasons			*		**	Reporting the truth
Arrogant			*	**		Modest
Status conscious			***			Egalitarian
Office focus				**		Field-focus
Ignoring local staff				**	**	Valuing local staff
Looking for high profile			**			Low key
'We know best'				**		Listening and learning from others
Risk averse			**		**	Embracing challenges and difficult issues
Emphasis on outputs		**		**		Focus on building relationships
Individual work habits			**	*		Supporting team working
Directive		*		*		Facilitative

Key:

The asterisks are placed in the squares receiving the majority of responses. Where two squares are marked the majority of responses occurred in these squares with either equal numbers or only one point between them.

***** 50% or over of responses (8 or more)**

**** 25–50% of responses (5, 6 or 7)**

*** < 25% of responses (1–4)**

APPENDIX L: EXTRACT FROM DFID REVISED ANNUAL PLAN 2003/04

	Objective	Indicator
DFID aim	To assist Government and the international community to eliminate poverty and inequality in pursuit of the Millennium Development Goals	
EMAD DDP outcome	Social inclusion and participation	
DFID Brazil Focus Area (Revised CAP objective)	Reduced institutional discrimination	
Change Forecast Step	A more inclusive society without discrimination on diversity such as race, ethnicity, gender and social class	
GoB Country poverty reduction aim	Affirmative action to ensure that women claim their rights.	GoB and civil society develop a more coherent strategy to address gender equity issues
Initiative	Gender equity project with UNIFEM	
Assumptions	Gender issues remain priority of government	
Annual Milestones and Assessment of progress	Project management mechanisms established	

Note: the structure of the annual plan, and the wording of the objectives, changed between 2002–03 and 2003–04. This extract is included as an example.

APPENDIX M: PROJECT SCORES

Projects completed during 1997/8–2000/1

Sector	Project	Goal	Purp	Agg. Output	Inputs DFID/part	Monitoring	Sustainability
For/RL	CPATU Rainforest Silviculture Research	3	3	2	2 / 3	Scored as adequate based on OPR review of logframe and technical needs	Likely
For/RL	Central Amazonia Flora DUCKE	X	1	1/2	?	<i>Note relation output and purpose scores</i>	Likely
For/RL	Tocantins Forestry and Rural Development—phase 2	3	2	2	1 / 3	Rated satisfactory although purpose scored higher than outputs in OPR (2 vs 3)	Too early although strong ownership by member organisation
Gov	Administrative reform MARE	?	1 OPR 2	2 OPR 2	?	PCR was prepared from the project monitoring reports and did not directly involve project implementers or counterparts. <i>Nb purpose better than outputs</i>	Probable
Health	Health sector reform	?	1	4	?	<i>Scores reflect those of OPR and demonstrate that there was completely inadequate planning—outputs not needed for purpose in which case should have been addressed—or no understanding of the logical nature of a logical framework</i>	Unclear what was produced to be sustainable although partnership development mentioned positively
PPG7	Science Centres	3	2/3	3	?	<i>Unduly complex logframe with multiple purposes</i>	Likely for capacity unclear for institutional change

Projects Completed During 2000/1–2002/3

Sector	Project	Goal	Purp	Agg Output	Inputs DFID/part	Monitoring	Sustainability
For/RL	Mamiraua Ecological Reserve—Phase 2	?	2 OPR 3	2 OPR 2/3	2 / 2	Not asked for new format	Probable—good PR has secured funding from other sources
For/RL	Cerado Biodiversity BBC (phase 1)	X	3	2	1 / 3	3	Probable
For/RL	Piper Development	2/3	2/3 OPR X	3 OPR 2/3	2 / 2	2—however lack of logic in scores	Possibly
Gov	TCU phase 1	?	1	1 OPR 1/2		?	Yes—already replicating activities and a follow up project now funded
Urban	Pirapama Catchment	X	1	1	2 / 1	2	Probable—political difficulties post project have complicated position but now looks promising—staff and knowledge in place
Urban	Apa Norte Sustainable Development Plan	X	3	3	2 / 3	2/3	Possible

Current Projects (New Monitoring System)

Sector	Project	Purpose Rating		Aggregate Output Rating		Comments
		2002	2003	2002	2003	
For/RL	Gespan £3.0m	X	3	X	2	Two outputs scored X thus a 2 may be over scoring for this stage of the project; an innovative project involving attitude and behaviour change in institutions—purpose level indicators are to be re-visited
	PNE £1.85m	3	X	3	3	The X at purpose level is due to an adjustment of indicators to improve assessment and thus too early to measure these in spite of it being so late in project life—a PCR due this year
	Dendrogene £1.6m	2	2	2	2	Good progress; need to ensure that communications programme fully resourced and linkages developed; key risk for full achievement of purpose is influence of natural factors on the information for the data base
	BBC Cerado £1.38m Phase 2	3	2	3	1	Aggregate probably close to a two—to consider how far towards final delivery of output indicated by an excellent achievement of milestones; indicators for outputs 2 and 3 identified as needing revision to reflect social and community aspects; project is making very good progress towards the purpose
	ProUFRA £2.5	X	OPR in Aug	X	OPR in Aug	Problems with vision of project—resulted in change of goal and purpose; good progress over last 6 months but need to consolidate local ownership
PPG7	ProVarzea £5.1	3	2	3	2	Project made good progress this year after many early delays
	FRMP £1.23m	3	X	3	3	The project has suffered delays—some outside control re-organization, staffing changes but there is a need for revised direction and management to partially achieve outputs
	NRPP £5.3	3	3	2/3	2/3	Scoring as part of the PCR—report in preparation and will be reviewed next year
	PDP/I £2.1m		—		—	First annual review due 2003/04
Health	Health econ £4.98m	X	X	X	2	Very good progress made for the first year; a complex project which is quite difficult to assess at this early stage
	Ceara health £3.3m	2		2		PRISM scoring postponed to May 03 due to elections
Gov	CERDS £2.5m (TCU2)		—		—	First annual review due 2003/04

APPENDIX N: ACTIONS RECOMMENDED BY THE 2001 CSPR

ISSUE	ACTIONS PROPOSED
1. The three-year time frame of CSP is too short to provide a proper basis for strategic decision-making.	Develop longer-term framework based around achievement of the IDTs by 2015. Use this to identify key processes, institutions and risks affecting Brazil's capacity to achieve the IDTs. Nest shorter-term strategies within, and review individual activities against, this framework.
2. CSP provides useful summary of DFID policies and programmes, but does not provide effective guidance for strategic decisions.	CSP document needs to be supplemented by a country strategic plan providing more explicit guidance, indicators and risk assessment for DFID's activities.
3. There are two logically distinct types of objectives for the UK's development interest in Brazil. The first relates to poverty reduction. The second relates to the global environmental public goods agenda. The second is not reducible to the first, and the attempt to do so has caused confusion.	Distinction between poverty reduction and environmental goals needs to be made more explicit, and the implications for DFID and UK government policy need to be assessed. The environmental IDT provides a basis for policy, but is insufficiently detailed to provide a clear basis for policy.
4. The lack of indicators and targets within the CSP has limited its usefulness as a management tool.	An explicit logframe should be developed to guide the CSP. Milestones over the three-year period should be in the form of process rather than outcome indicators, since the latter may more easily be linked to DFID actions.
5. Strategic management requires more explicit attention to risk.	An explicit risk analysis should be developed as part of the CSP.
6. The CSP provides a useful summary of DFID's activities. However there is a lack of publicly available information on DFID's ongoing activities, lessons emerging from its work, or other relevant experience.	The printed CSP document should be supplemented by public information/communications strategy that uses both print and electronic media to inform and influence.
7. Over the past CSP period, DFID's relationships with some development partners were temporarily damaged as a result of perceived confusion and policy changes.	Greater attention needs to be given to building relationships with the Brazilian government and other partners. This includes recognising Brazil as a country of major international influence and potential ally in global forums, providing clear guidance on what decisions are open to be influenced by participatory processes and establishing a clearer agreed basis for the aid programme.
8. There is some scope for developing regional or state level support strategies.	DFID should consider developing an integrated regional support strategy for Amazonia, and for state level support strategies in states where DFID has a cluster of activities.

ISSUE	ACTIONS PROPOSED
<p>9. DFID's task in relation to poverty in Brazil should be defined as seeking to influence Brazilian government and other Brazilian institutions to raise the profile of debate and political and social concern on poverty issues and to provide assistance in demonstrating how poverty may be addressed.</p>	<p>DFID should, as part of a broader stakeholder analysis, identify key institutions that may be effective partners in achieving influence. DFID should develop more explicit guidelines and best practice on achieving influence especially in middle income economies.</p>
<p>10. Any presumption in the Brazilian context that a focus on influencing the major multilateral agencies is the most effective means of influencing Brazilian government policy needs to be considered critically.</p>	<p>Underlying requirement is for explicit stakeholder analysis of each of the main areas of DFID interest and involvement, to provide a basis for identifying key decision makers and the relative roles of different agencies.</p>
<p>11. While many DFID activities have sought to develop models for dissemination and replication, there has not been a consistent approach to ensuring that objectives of wider dissemination are achieved.</p>	<p>All DFID activities need to have designed into them from the start the process by which wider impact is to be achieved. Activities that are not capable of achieving such impact are likely to be hard to justify.</p>
<p>12. Important steps have been taken to strengthen DFID's capacity particularly in Brasilia and there is evidence that there is some effective lesson learning in new project activities.</p>	<p>DFID needs to build on its experience to continue to make more effective its management of change. Indicators relating to management effectiveness and personnel issues should be built into annual plans.</p>

APPENDIX O: SUMMARY OF PROJECT GOALS AND PURPOSES

Prog.	Project	Goal Focus	Purpose Focus
Completed During 1997/8 - 2000/1			
Forest/RL	Tocs Forestry and Rural Dev 2	Sustainable development colonist communities; reduce forest clearance	Smallholder livelihood systems raising welfare and reduce pressure on forest
	Flora (DUCKE)	Use/conservation, management of forest resources	Improved botanical knowledge of unflooded forest
	CPATU	Sustainable forest management; conservation biodiversity; based economic and social needs of communities (<i>amended by OPR 96</i>)	Amazonia forest resource management; sustainable exploitation (<i>amended by OPR—this had been the goal—previous on knowledge and techniques 96</i>)
PPG7 (R/forest)	Science Centres	Restructure two institutions (part of larger centres of excellence project)	Improved research mgt; use of collections; dissemination of results
Govern.	MARE	Public sector reform	Management of reform process
Health	Health sector reform	Public sector reform	Capacity in health financing, planning and management federal, state and municipal institutions
Completed During 2000/01–2002/03			
Forest/RL	Mamiraua 2	Biodiversity of flooded forest; <i>livelihoods secured (added by OPR)</i>	Conservation and sustainable mgt; <i>improved quality of life for local people (added OPR)</i>
	PIPER (Safrole Oil)	Production system	Test economic and social acceptability with small scale producers
Urban	Apa Norte	Sustainable development in Bahia	Management and environmental planning
	Pirapama	Improved public health through supply of clean water	Implementation of sustainable development plan
Gov	TCU1		Capacity building—value for money auditing and measures of performance

Prog.	Project	Goal Focus	Purpose Focus
A. Ongoing Throughout period			
Forest/RL	Tapajos	No information	No information
	BBC Cerado Closing 03/4	Conservation and sustainable mgt of NR	Strategies and methods to improve quality of life and poverty, gender and equity aspects (revised in 99 start Phase 2)
	Plantas de N/E (SIDT) Closing 03/4	Original—socio-economic benefits for poor; environment protection; sust mgt plant res. <i>Modified—sust use of plant resources by local people</i> (Queried by OPR—any people, focus or inclusive of poor?)	Original—Collection, dissemination and use of information <i>Modified - sustainable demand led information, dissemination and training programme</i> (Queried by OPR—not common view on what meant)
PPG7	NRPP Closing 03/4	Public service capacity set and enforce environmental policy	Management capacity of state environmental agencies
Approved post CSP98			
Forest/RL	FCAP/ProUfra	Improved livelihoods of poor related to RNR in Amazonia	Capacity building Faculty of Science enabling policies and service delivery—this moved to the goal level at OPR
		Changed by the time of the OPR to: <i>Government and non-government institutions in AmazTMnia develop and implement policies, and deliver services, that are more effective, client-led and inclusive of the poor.</i>	By OPR: <i>Capacity building to work with government (all levels), employers and community organizations to foster sustainable, pro-poor development</i>
	DENDROGENE	Use and conservation genetic resources natural forest Amazonia	Application scientific knowledge for sustainable forest mgt
	Cerado Tocantins	Sustainable and equitable growth	Capacity building service providers for small scale producers; sustainable devt; environmental mgt
	Gespan	Improved livelihoods sustainable use of NR	Improved technology transfer process; sustainable use NR for small farmers and disadvantaged groups <i>Altered in first year—To support, stimulate and create new mechanisms for institutions enabling sustainable use of NR for the benefit of rural poor</i>

Prog.	Project	Goal Focus	Purpose Focus
PPG7	FRMP	Sustainable mgt forest resource in Amazon	Policy in sectors relating to sustainable mgt
	ProVarzea	Sustainable mgt of NR	Conservation and participatory mgt of NR; local livelihoods base on fisheries
	PDP/I	Sustainability of indigenous peoples on lands and conservation of NR	Capacity building for indigenous peoples to improve quality of life
Health	Ceara	Health status of the poor	Improved public health system to respond to needs of poor and efficient use of resources
	Health Economics	Supergoal: To improve the health status of the poor. Goal: equity, efficiency and effectiveness of the Brazilian Health System.	Increasing use of Health Economics tools at policy level aimed at the reduction of inequalities in the Brazilian health system
Govern.	TCU2	Public sector service delivery; contribute to poverty reduction	Capacity building auditing, monitoring and evaluation with focus on reducing social inequities

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

The Department for International Development (DFID) is the UK Government department responsible for promoting sustainable development and reducing poverty. The central focus of the Government's policy, based on the 1997 and 2000 White Papers on International Development, is a commitment to the internationally agreed Millennium Development Goals, to be achieved by 2015. These seek to:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

DFID's assistance is concentrated in the poorest countries of sub-Saharan Africa and Asia, but also contributes to poverty reduction and sustainable development in middle-income countries, including those in Latin America and Eastern Europe.

DFID works in partnership with governments committed to the Millennium Development Goals, with civil society, the private sector and the research community. It also works with multilateral institutions, including the World Bank, United Nations agencies, and the European Commission.

DFID has headquarters in London and East Kilbride, offices in many developing countries, and staff based in British embassies and high commissions around the world.

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ISBN: 1 86192 661 8