

**SYNTHESIS OF COUNTRY  
PROGRAMME  
EVALUATIONS  
CONDUCTED IN FRAGILE  
STATES**

*Nick Chapman and Charlotte Vaillant  
ITAD*



**DEPARTMENT FOR INTERNATIONAL DEVELOPMENT**

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## Preface

DFID's Evaluation Department (EvD) commissions a series of Country Programme Evaluations (CPEs) each year. The studies are intended to assess the relevance and effectiveness of the country programme, contribute to lesson learning and inform the development of future country assistance strategy. Collectively, the CPEs form an important element of DFID's corporate accountability and enable wider lessons across the organisation to be identified and shared.

The current synthesis report brings together findings from nine CPEs, focusing on countries that may be termed "fragile states". Building peaceful states and societies is a key strategic objective for DFID's work, as explained in the White Paper, *Eliminating World Poverty – Building our Common Future*. The countries covered are Afghanistan, Cambodia, Nepal, Pakistan, Ethiopia, Sierra Leone, Democratic Republic of Congo (DRC), Sudan and Yemen. The pool of CPE's reviewed is larger and more diverse than any other syntheses. The timeframe over which they've been evaluated is also longer, collectively covering an eight year period, from 2002 – 2009,

The synthesis covers the following five areas:

- i. Delivering more and better aid: covering issues of scaling up aid, use of different aid instruments and aid effectiveness.
- ii. Linking security with development: support for inclusive political settlements, security sector reform and conflict prevention and peacebuilding
- iii. State-building: support to core state functions, civil society and democratic institutions
- iv. Partnerships: covering host governments, other donors and working across Whitehall
- v. Operational efficiency and monitoring and evaluation: balancing devolution of country offices, the challenges and costs of working in insecure environments and of working through others and the challenge of reporting on and evaluating results.

The synthesis report was written by two professional evaluators, Nick Chapman and Charlotte Vaillant from ITAD Ltd, who also worked on individual studies included in the synthesis report. The process was managed by Lynne Henderson, Iain Murray and Mark Herbert of Evaluation Department.

Thanks are due for these contributions and for the input of our external quality assessor, whose comments were very valuable.

The draft report was shared with the case study CPE countries, the Politics and the State Team and the Conflict Policy Team. Comments from these offices have been reflected as far as possible in the revised report. In addition, a presentation of the main findings of the draft report was made to a DFID regional and country programmes Heads of Office meeting in London in late 2009 and comments from that meeting have been reflected in the final report.

With a synthesis report, recommendations can be quite broad and cut across different areas of the organisation. The recommendations in this report have all been allocated "owners" and will be followed up. We hope the findings prove useful to the organisation.

Nick York  
Head of Evaluation Department

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Full responsibility for the text of this report rests with the authors. In common with all evaluation reports commissioned by DFID's Evaluation Department, the views contained in this report do not necessarily represent those of DFID, or of the people consulted.



## **Abbreviations**

ACC	Anti-Corruption Commission
ADB	Asian Development Bank
AfDB	African Development Bank
AIT	Assistance aux Institutions de Transition
ANC	African National Congress
ARTF	Afghanistan Reconstruction Trust Fund
ASP	Afghanistan Stabilisation Programme
BOGs	Basic Operating Guidelines
CAP	Country Assistance Plan
CAR	Capable, Accountable and Responsive States
CBFF	Congo Basin Forest Fund
CELC	Commission d’Ethique et de Lutte contre la Corruption
CHF	Common Humanitarian Fund
CIAT	Comité d’Accompagnement de la Transition
CPE	Country Programme Evaluation
CPIA	Country Policy and Institutional Assessment
CPN-M	Communist Party of Nepal–Maoist
CSO	Civil Society Organisations
CSP	Country Strategy Paper
CSSP	Civil Society Support Programme
DDP	Director’s Delivery Plans
DDR	Disarmament, demobilisation and reintegration
DFIDP	DFID Pakistan
DIP	Democratic Institution Programme
DPA	Development Partnership Arrangement

ENCISS	Enhancing the Interaction and Interface between Civil Society and the State to Improve Poor People's Lives
ERRA	Earthquake Relief and Rehabilitation Agency
FCO	Foreign and Commonwealth Office
FY	Financial Year
GoSL	Government of Sierra Leone
HAM	Hautes Autorités des Médias
HMG	Her Majesty's Government
HRF	Humanitarian Response Fund
IACDI	Independent Advisory Committee on Development Impact
IJSD	Integrated Justice Sector Development
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
M&E	Monitoring and Evaluation
MDLF	Multi-Donor Livelihood Facility
MoD	Ministry of Defence
MoFED	Ministry of Finance and Economic Development
MoU	Memoranda of Understanding
NAO	National Audit Office
NGO	Non-Governmental Organisation
ODA	Overseas Development Assistance
OGD	Other Government Departments
PBA	Performance-Based Allocation
PBS	Protection of Basic Services
PFM	Public Finance Management
PQ	Parliamentary Question

PRBS	Poverty Reduction Budget Support
PRISM	Performance Reporting System for Management
PRSP	Poverty Reduction Strategy Papers
PSDD	Project to Support Democratic Development
QIP	Quick Impact Project
SAIC	Staff Appointed in Country
SCNIAP	Strengthening Counter Narcotics in Afghanistan Project
SFD	Social Fund for Development
SSR	Security Sector Reforms
SWAps	Sector Wide Approaches
TA	Technical assistance
UN	United Nations
UNAMA	United Nations Assistance Mission to Afghanistan
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children Fund
UNOCHR	United Nations Office of the High Commissioner for Human Rights
USAID	United States Agency for International Development
WB	World Bank

## **Executive Summary**

S.1. The objective of this fourth and latest synthesis of Country Programme Evaluations is to bring together findings from countries that may be termed fragile states. Nine countries are included: four CPEs from the Asian region (Afghanistan, Cambodia, Nepal and Pakistan), four from Africa (Ethiopia, Sierra Leone, Democratic Republic of Congo (DRC) and Sudan) and one from the Middle East region (Yemen). The timeframe for the evaluations stretches from 2002-2009.

### **DFID's policy approach to engagement in fragile states.**

S.2. DFID HQ has sought to define a common approach to, and set of policies in, fragile states. DFID's working definition of a fragile state covers countries "where the government cannot or will not deliver core functions to its people". This includes a wide variety of situations from collapsed states to states where governments are unwilling to commit to poverty reduction.

S.3. Although funding has risen sharply, in some cases, fragile states still receive less aid than would be expected on the basis of their population needs. Aid in fragile states is often delivered at too slow a pace and through short-term, uncoordinated projects, making it unpredictable. DFID is committed to finding better ways of delivering aid to fragile states. This includes shadow alignment mechanisms, linking humanitarian assistance with development assistance, and a pledge to provide more staff to work in fragile states. DFID also believes that a broader range of adapted aid instruments should be used in fragile states, than those used in good performers, in order to minimise risk.

S.4. In recognition that development, politics and security are linked, DFID's strategic approach has consistently involved a whole-of-government approach. DFID also sees context analysis as key. This includes paying greater attention to the regional dimensions of insecurity and making more use of political and conflict analysis in the design of programmes, in order to make them more conflict sensitive. Prioritisation and sequencing are also noted as a priority.

S.5. DFID puts the effective state – as defined by the Capability, Accountability and Responsiveness (CAR) framework – at the centre of its work in fragile and non-fragile countries alike. The CAR framework does not capture the largely endogenous, non-linear process of statebuilding – and with it the possible tensions and synergies with peacebuilding. The 2009 draft Paper on Peacebuilding and Statebuilding as well as the recent 2009 White Paper provides a better balance in focus between core state functions meeting citizen's expectations, addressing the causes of conflict and fragility and the need to support inclusive political settlements when supporting state-building and peacebuilding in fragile contexts.

S.6. In conclusion, DFID has developed a sophisticated, coherent and ambitious approach to fighting fragility in the world. There is a need for more practical guidance – from conflict-sensitivity, prioritisation and sequencing through to programme design, risk analysis and mitigation, and partnership – and indeed this is now being produced by the Politics and the State Team and Conflict Policy Team.

## **More and Better Aid**

- S.7. DFID saw itself as a champion of aid effectiveness in fragile settings, and as being better equipped than others to promote aid effectiveness. DFID tends to see aid effectiveness mainly as improving Government ownership and financial management capacity, as well as in improving donor coordination, and has paid less attention to the role of non government organisations and civil society in improving the transparency and accountability of aid. DFID has supported and made use of aid coordination platforms, but has been less successful where there was less appetite for this agenda especially from Government.
- S.8. DFID has scaled up its aid to fragile states, and more than doubled its support within the past five years, spending over £1 billion, or 46% of its bilateral expenditure in 2007-08. In all nine countries studied in this report, expenditure has increased, in some cases dramatically. In only four countries out of the nine has budget support been provided. Despite internal guidance on how to assess risk, the decision to provide budget support has not always been robust and, because of political risks, support had to be suspended in two of the countries. Yet budget support has also provided a valuable platform for dialogue and new forms of budget support have helped specific needs of reconstruction, local service delivery and recurrent costs for salaries that have helped build stability.
- S.9. Pooled funds have been widely used in the countries studied, often as a cost-effective way to mobilise resources and coordinate response in the absence of sound host government systems. Despite being strongly endorsed at corporate level as demonstrating DFID's compliance with harmonised aid practices, the experience at country level is that they are slow to set up, costly to manage, and (with some notable exceptions) have achieved modest development impact. For active and large donors such as DFID, they also constrain their role as a flexible and well-staffed actor, and force them instead to work on improving the performance of the agencies hired to manage such funds.

## **Linking security with development**

- S.10. Most DFID country strategies have pursued both security and development objectives. Context analysis was carried out well, although the lack of diagnostic work in Afghanistan (until 2008) was a particular concern. In most countries, the governance programmes were broadened to include democratic politics and/or security sector reforms. Other interventions, such as mining in DRC and counter narcotics in Afghanistan, were chosen because they helped tackle conflict financing as well as addressing the causes of conflict, such as the lack of livelihood opportunities.
- S.11. DFID has supported dialogue and reconciliation at all levels. DFID's longstanding support in this area at community level stopped in DRC and Sierra Leone, but was resumed recently in Sudan. DFID has also supported high-level peace negotiations on the back of HMG's military and diplomatic activities.
- S.12. DFID earmarked significant funding towards the organisation of the first democratic elections in DRC, Afghanistan, Pakistan and Sierra Leone. This included reinforcing civic participation (notably women). Its work with the media around the elections was highly relevant. The reputational risk of engaging in elections (which were largely successful) was high, given the weakness of democratic traditions in these countries, but failure to engage in such processes was not a realistic alternative. The difficulties arising

over the subsequent election in 2009 in Afghanistan bear out the continuing high risks, and lessons from this will be used in the context of Parliamentary elections scheduled for 2010.

- S.13. DFID has become a lead donor in the area of security and justice reform. DFID has continued occasionally to provide equipment and training to police and has also financed managerial inputs such as new organisational plans within the security sector. Over the years, DFID has shifted the emphasis from security of the state to security of the individual. Promoting accountability has become central to newly-launched police reform programmes in countries like DRC.
- S.14. In the justice sector, working through other donors has produced mixed results. DFID has also contracted management agencies (Sudan, Yemen and DRC), but whether this formula will be more successful has yet to be tested. A particular challenge in the justice sector is the need to work with dual systems of formal and customary justice courts.
- S.15. There is a need for political realism about what can be achieved. Security and justice reform is an endogenous process, which requires a realistic timeframe to change behaviour. Supporting peace in a holistic and integrated manner, requires substantial resources, as does the underlying DFID “mission” of poverty reduction.
- S.16. The UK has not always capitalised on the potential synergy between interventions across policy domains (military, development, diplomacy). Outside selected humanitarian assistance and community-recovery projects, conflict analysis was rarely used in practice to shape development programmes. Balancing short-term stabilisation with longer-term reforms received particular attention in post-conflict countries. Prioritising sectors has proved more difficult, because of the huge reconstruction needs and weak or still undefined donor presence in post-conflict countries. In Afghanistan, the political and security environment is particularly difficult and in delivering an HMG strategy, individual Departmental priorities need to be balanced against the overriding objective for UK engagement - in this case military action against an insurgency which offers space to international terrorist networks. As part of a 43-nation coalition, a significant effort needs to be focused on understanding and responding to the concerns of major partners (especially the US) and this has significant consequences for the shape of the development programme.
- S.17. Perhaps the most successful case study in conflict resolution remains Sierra Leone. Here, the UK was found to have made a significant contribution to the restoration of peace and stability. This calls for an integrated approach to peacebuilding and statebuilding, in which DFID, as part of wider HMG efforts and alongside other donors, carefully balance their choice of interventions.

### **Focus on State-Building**

- S.18. DFID’s approach to development, and in particular service delivery, is largely “state-centric”. When dealing with fragile and vulnerable situations, the main dilemma for DFID has been to manage the tension between directly providing service delivery to the poor and building the capacity of the state to do so.
- S.19. In an attempt to link humanitarian and development assistance, DFID has funded International NGO-managed post-conflict recovery projects, which involve local

institutions to some degree. Attempts to involve central government in the provision of emergency services (including food security) in countries where some capacity and/or will exist have also shown some promising results (Yemen, Ethiopia). Even then, caution has been recommended in countries where government commitment to social equity is in doubt or where the capacity to act fast remains limited. Perhaps DFID's worst performing intervention in involving central government in service delivery is the Afghanistan Stabilisation Programme, which was rated as highly ineffective. DFID funding for the programme was subsequently reallocated and the programme terminated.

- S.20. The fragility of the state – and low level of accountability and responsiveness in particular – has led DFID to recognise the need to work with a wider range of state and non-state actors when promoting governance in fragile and non-fragile states alike. More specifically, all DFID countries studied (though less so in Yemen and only recently in Afghanistan) have increasingly aimed at supporting the demand side of governance through the lens of accountability as part of their interventions to support service delivery and/or other functions of the state.
- S.21. DFID typically used technical assistance and capacity building programmes to support public sector reforms. The majority of capacity building programmes were deemed over-ambitious in their scope. There have been better results around service delivery in different sectors including health, education, water and sanitation. Much of the Technical Assistance (TA) assessed in the CPEs is regarded as of high quality. However, questions arise over donor support, and level of contribution to long-term capacity building.
- S.22. Most DFID country offices have aimed to support the capacity of indigenous civil society organisations to hold their governments to account, although in Afghanistan this has emerged as a priority only more recently. DFID's plan to support larger civil society programmes was sound. Two possible funding mechanisms have been put forward in fragile states, one involving working through international NGOs, the other involving a pooled funding mechanism with other donors. The first model has led to mixed performance, whereas the second model has been time consuming to develop. What civil society can achieve in accountability gains has been over-estimated. Civil society organisations that operate in fragile states often face intimidation, or can be themselves heavily politicised.
- S.23. DFID's governance strategies have broadened DFID's support (direct and indirect) to public institutions, whose role is to hold the central government to account (Sierra Leone, DRC, Ethiopia). Support to public institutions has yet to show it can be effective in enhancing government accountability. These public institutions often lack independence and DFID and other donors have continued to grapple with the impact that their support can have on changing behaviour.
- S.24. CPEs have warned that working through others will stop DFID country offices from having direct contact with CSOs and check-and-balance institutions, making it difficult to translate practical experience into strategic advice and policy. An increase in direct contact though, would raise staffing demands.

## **Partnerships**

- S.25. Country offices managed to develop a close partnership with central governments, although the language barrier and the lack of familiarity with the Francophone systems were an obstacle in DRC. Development Partnership Arrangements or Memoranda of Understanding were signed between the UK and host governments in five out of nine countries. They provided important signals of HMG commitment to transparency, predictability and accountability, and helped manage risk around partner government commitment in areas such as human rights, public finance and poverty reduction. Weaknesses relate to a lack of agreed monitoring mechanisms, and an inadequacy to support dialogue in times of crisis (such as in Ethiopia in 2005).
- S.26. Although working through central government can be effective (as in Cambodia), the evidence suggests that this is insufficient. Although DFID has worked exclusively through the central governments (with the exception of Pakistan and to some extent Yemen), DFID needs to have its own access to and better understanding of sub-national government and of decentralisation issues.
- S.27. DFID has built a good reputation with others in acting fast, though it has, at times, been over-ambitious. DFID's local presence, funding weight and history of relations with both multilaterals and bilateral donors has allowed it to play a go-between or catalytic role, and it has been more willing than others to tackle sensitive areas such as human rights.
- S.28. At country level DFID has aimed to build capacity and support reform processes within multilaterals in countries where large proportions of DFID's spend were channelled through them. DFID has been overt about its intentions to help the UN reform process, yet despite using UNDP widely as an implementing partner there has been little impact from reforms, and relations have sometimes been difficult and based on different expectations. Partnership with the World Bank has been stronger and complementary, but there are few examples (Cambodia being one) where DFID was prepared to challenge the Bank in terms of its policy engagement.
- S.29. DFID has been poor at establishing relationships with non-traditional but influential partners (such as China, India and Saudi Arabia). Perhaps in insecure environments working with known partners reduces one area amongst a set of many risks. However there are some examples where a bolder approach has brought results (in DRC with China, France and S. Africa, and in Yemen with the Islamic Development Bank). There are also few examples, in the nine countries reviewed, of DFID being able successfully to influence at country level more familiar partners such as USAID, Japan and the European Commission.
- S.30. In contrast, there is a much stronger record of cooperation between DFID and other UK Government Departments, especially with the FCO, particularly around strategic analysis and agreement on respective roles, and in areas such as security sector reform, stabilisation and demobilisation. DFID has sought a 'whole of government' approach in line with Fragile States principles, and this is exemplified in DRC and in Sudan through co-locating, joint programming, communications and monitoring. Difficulties have arisen where political and development agendas have not been well aligned for certain periods (such as in Nepal over the support for the Nepalese army, in Afghanistan early and brief differences in different objectives for Helmand, and in Pakistan over DFID's support to the North West Frontier Province).



**Challenges of working in fragile states**

- S.31. Setting up delegated DFID offices in country has brought important advantages compared with managing the programme from the UK. These include better programme alignment and flexibility, and stronger influencing of local partners. These are important attributes in a fragile state setting where rapid decisions and responsiveness to local context are critical. Yet setting up offices has placed significant demands on management in obtaining staff and ensuring security. Devolution has also resulted in a rising tension between HQ policy evolution and local priorities, and global initiatives (such as the Common Humanitarian Fund and the International Health Partnership) have been seen to undermine country-driven approaches.
- S.32. Operating in a fragile state is typically more labour-intensive and expensive than elsewhere for a variety of reasons including the weakness of host governments, a risky operating environment, difficult communications and ill-adapted internal procedures and regulations. Some DFID offices have adapted well and developed good procedures for tackling these difficulties (such as in Nepal, and in Afghanistan where staff capacity in country and in London was increased in response to an expanding programme). Despite a commitment by DFID to improve staffing in fragile states, unrealistic caps were still imposed especially when spend pressures grew significantly, as in Pakistan.
- S.33. The value of locally-appointed staff has been recognised in terms of providing a consistent and experienced presence, yet they tend to be under-used and not promoted, even where they have considerable experience. Where there is UK staff turnover, local staff have at times been placed in exposed positions, having to manage large or sensitive portfolios without sufficient experience of DFID corporate policies or systems.
- S.34. There is ample evidence of the high opportunity cost of working with, and through other partners. Not only do advisers spend significant time working on pooled funding programmes, but management costs when using agencies such as the UN to implement on DFID's behalf are high. These in-country support costs can be significant and are additional to DFID's overall management costs for its global multilateral spend.
- S.35. Although demonstrating effectiveness and value for money in fragile state programmes, increasingly critical, conditions in fragile states make monitoring and evaluation especially difficult in terms practical issues such as field access and handling sensitive information, as well as the conceptual issues of how to determine linkages between DFID's actions and changes, not only in poverty, but on non-linear peace processes as well as political stability and human security on top of lacking data.
- S.36. Strategies are better prepared now, and based on sound analysis and attention to indicators. However, subsequent monitoring plans have been weaker, so that in the absence of active and regular monitoring, accountability of country office performance can be weak. There has also been confusion between corporate reporting demands and country strategy monitoring. There are good examples of adapted monitoring systems that use various sources of information including conflict monitoring / risk incidence, social impact monitoring and context monitoring (in Nepal and DRC).

## **Conclusions**

- S.37. DFID has scaled up its aid frameworks substantially in line with commitments made in previous White Papers and policy documents, and done so in the face of constrained staff resources. Devolved offices have performed well and adapted policy guidance to national contexts, but building greater country presence requires a better staffing response. DFID has demonstrated commitment to the OECD DAC principles for good engagement in Fragile States through building long term partnerships and moving to joint funding mechanisms.
- S.38. DFID is known for strong analysis and its awareness that progress in development rests on achieving inclusive political agreements. However it has not been effective enough in channelling its resources into the core causes of fragility, whether they be security sector reform, human rights, gender or social exclusion.
- S.39. In post-conflict countries, DFID has had to manage the tension between directly providing service delivery to the poor and building the capacity of the state to do so. DFID has often concentrated on improving central government capacity and has viewed improved service delivery as critical to increasing state legitimacy in contested contexts such as Afghanistan.
- S.40. DFID has played a valuable bridging role between multi and bilateral partners and has been proactive in instigating new forms of aid delivery. There has been less traction in pursuing its reform agenda with multilaterals, and less traditional partners have largely remained beyond DFID's influence. In improving relations with other UK Government Departments, there have been some notable successes, and common funding pools and co-location have helped achieve operational linkages. Tensions have remained where political and security agendas diverge from DFID's core mandate of poverty reduction.
- S.41. Budget support has had positive results in some situations, but the decision to provide budget support has lacked robustness. This has led to either suspension of the support or to weak influence. This mixed record indicates the need for additional analysis of the use of the instrument in fragile state situations. Pooled funding has raised substantial resources and shared risk but has suffered from delays, high costs and weak management.
- S.42. In operational terms, DFID has good quality staff, but working in a fragile environment is demanding and stressful. Staff recruitment is difficult, turnover high and applicants few. Advisor gaps, often caused by unrealistic staff caps, have affected portfolio design and management. Country level relations with HQ have sometimes proved strained and as fragile states become higher profile, pressures from HQ have increasingly impinged on workload. Best practice exists on building efficiency and safety.
- S.43. Finally, there has also been confusion between the need for corporate reporting and country level monitoring, and this has resulted in the absence of effective country performance frameworks. Monitoring and evaluation in fragile states is different: the non-linear nature of peace processes may confound conventional logic models, while data availability is compounded by weak statistical systems, limited field access and the risk of "doing harm" in collecting data. Good practices do exist that show how these constraints can be overcome.

## **Major Recommendations**

1. The main report contains a range of recommendations in Chapter 8. Some of the most critical are: DFID should act as a bridge or moderator between partners who exhibit different levels of alignment to the principles of engagement in fragile states as well as the principles of aid effectiveness. DFID has some important advantages in playing this role compared to others, and should be prepared to address sensitive political and governance issues such as human rights abuse, corruption and injustice, if necessary.
2. DFID's regional directors should renew their commitment to have more realistic expectations of what can be achieved within a 5-10 year timeframe. Identifying government weakness as a main risk within programmes, only to express this again as a reason for weak programme performance should be avoided.
3. DFID should increase the use of joint funding mechanisms as a valuable means to share risks and bring significant resources, but it must improve the speed of operation, establish clear procedures and ensure more local ownership.
4. DFID's political and economic policy teams should review guidance on providing budget support within a fragile state setting. In doing so it can learn from how budget support approaches have been adapted in recent years to reduce political and fiduciary risk by adopting trust fund approaches that shadow align with national priorities, and by delivering in specific sectors or regions.
5. Strengthening multilaterals is part of DFID's global agenda, but in fragile settings where DFID works with multilaterals through co-funding or using them as managing agents, DFID country teams should give priority to the delivery of improved services rather than to using this relationship to pursue a reform agenda with that agency.
6. DFID's International Dept should develop stronger approaches and provide more resources to working with non-traditional partners (such as China, India, Saudi Arabia) over their adherence to the principles of aid effectiveness and to the principles of working in fragile states. This should include guidance and support to DFID country offices where such partners are important.
7. Where DFID expands its funding in fragile states, its Directors for Human Resources and Regional Divisions must match this with earlier build up and better sequencing of staff with sufficient seniority and experience. DFID should manage better competing political, security and development agendas between UK Government Departments and DFID country offices where they arise, and build on experience from successful examples such as DRC and Sudan.
8. When working in conflict settings, DFID should pursue the definition and implementation of safe operating guidelines to improve access and delivery; the Nepal experience could be used as a model.
9. Working in fragile states presents special challenges in terms of monitoring and evaluation. DFID country teams can improve in this area by designing more measurable, risk-sensitive country assistance frameworks (including using different

scenarios), and by more appropriate monitoring such as using varied sources including conflict monitoring, social impact monitoring and context monitoring.

10. While Technical Assistance (TA) has often proved an effective and flexible instrument, DFID needs to ensure government ownership, while avoiding building dependency. DFID should be cautious of using TA in isolation from other instruments or providing TA in the absence of progress on necessary reforms in areas such as the host government's civil service.
11. Cross cutting issues such as gender and environment, are often important aspects of state fragility. DFID country offices should make them more central to their strategies.

## Chapter 1. Introduction

- 1.1. Since 2005, DFID's Evaluation Department has commissioned a rolling programme of Country Programme Evaluations (CPEs). The CPEs provide important accountability and lesson learning functions for DFID (see Box 1). The primary audience for the evaluations is the UK government and DFID senior managers including heads of country offices. The evaluations are broadly based on the OECD DAC evaluation criteria of relevance, effectiveness, efficiency, impact and sustainability.
- 1.2. **CPE synthesis:** Each year since 2005/6, a CPE synthesis has been published that draws together the findings and lessons from a set of CPEs. In the first two years the syntheses looked at a set of country studies conducted over a particular year (2005/06, 2006/07). From 2007/08 a thematic approach was adopted with the first thematic synthesis focusing on regional programmes (2007/08).

### Box 1. The CPE approach

The five or six CPEs published each year are intended to both build accountability for the aid funds used and the results achieved in the countries selected, and generate learning that can inform future strategy and improve DFID's overall aid effectiveness. A CPE is often timed to help a country office prepare a new strategy by supplementing other analysis with an independent assessment of the overall relevance and performance of DFID's previous work. The CPE process involves a team of five or six evaluators conducting field interviews of DFID staff, the host government, other donors and beneficiaries. Existing project evaluations, thematic studies and other independent analysis are reviewed in order to reach judgments on how well designed and how effective DFID's strategy and interventions have been in relation to the needs of the host country and its progress towards reducing poverty and meeting the Millennium Development Goals (MDGs).

CPEs give a taste of country office reality and provide a broad overview of their experience and achievements. Apart from interviews, much of the evidence is drawn from DFID's own systems. As such, the ability to measure impact is only as good as the secondary data made available by DFID and its partners.

- 1.3. The **2008/09 Synthesis:** The objective of this fourth and latest synthesis is to bring together findings from a set of CPEs that have been completed in countries that may be termed fragile states. With nine countries, the pool of CPEs reviewed is larger and more diverse than in the other syntheses. The group includes four CPEs from the Asian region (Afghanistan, Cambodia, Nepal and Pakistan), four from Africa (Ethiopia, Sierra Leone, Democratic Republic of Congo (DRC) and Sudan) and an additional one from the Middle East region (Yemen). In terms of physical area and population size, they include small, medium and large countries (See Table 1 in Annex 1). The timeframe over which they have been evaluated is also longer (collectively covering an eight year period from 2002–2009).
- 1.4. The group includes countries at different stages of conflict or levels of fragility, with three under a current state of conflict, from insurgency/civil war (DRC) or from external terrorist activities (Pakistan), or both (Afghanistan), while five others are in a post-conflict state, with the number of years since the conflict occurred varying from five to twenty (Cambodia, Ethiopia, Nepal, Sierra Leone). The final country, Yemen, is characterised by increasing fragility and a growing potential for conflict. All the countries bar one (Ethiopia) fall into the World Bank's 2008 definition of insecure states, scoring

3.2 or less in their Country Performance Rating (Annex 1, Table 2), while all except Cambodia fall into the ‘Alert Zone’ category maintained by the Fund for Peace<sup>1</sup>.

1.5. This diversity of fragility makes drawing out common trends and linkages between different contexts challenging. The evidence base for this synthesis is largely derived from the CPE reports, and as such is constrained by the CPE methodology itself<sup>2</sup>. Therefore, the report tries to exercise caution before making general conclusions. Nevertheless, there are a range of useful patterns and trends that can be discerned.

**Table 1. Countries included in the Synthesis of 2007-2009 CPEs in Fragile States**

Country	Period covered by CPE	Date of CPE report	Conflict Status	NAO category <sup>3</sup>
Afghanistan	2002–07	2009	Current	A
Cambodia	2003–08	2009	Post-conflict	-
Sudan	2003–08	2009	Post-conflict	A
Yemen	2004–09	2009	Potential for future conflict	B
DRC	2003–09	2008	Current	A
Ethiopia	2003–08	2008	Post-conflict	B
Pakistan	2003–08	2008	Current	B
Sierra Leone	2002–07	2008	Post-conflict	B
Nepal	2001–06	2007	Post-conflict	A

1.6. The synthesis aims to bring out critical findings around how country programmes have responded to DFID’s evolving corporate policy on fragile states engagement and to identify where DFID has and has not been effective in reducing fragility through state building. The synthesis tackles this task by assembling CPE findings from the nine countries around a number of important themes that reflect DFID’s approach to fragile states engagement.

1.7. The **five themes** are:

- i. Delivering more and better aid: covering issues of scaling up aid, use of different aid instruments, and aid effectiveness.
- ii. Linking security with development: support for inclusive political settlements, security sector reform and conflict prevention and peacebuilding.
- iii. State-building: support to core state functions, civil society and democratic institutions.
- iv. Partnerships: covering host governments, other donors, and working across Whitehall.
- v. Operational efficiency and monitoring and evaluation: balancing devolution of country offices, the challenges and costs of working in insecure environments and of working through others, and the challenge of reporting on and evaluating results.

<sup>1</sup> www.fundforpeace.org

<sup>2</sup> CPEs have been a major evaluation tool for EVD, and the approach has been the subject of extensive review by EVD and IACDI (see www.iacdi.independent.gov.uk).

<sup>3</sup> Based on an assessment in 2007 in countries where DFID has a spend of over £5million. See: ‘Operating in insecure environments, Provisional Audit Findings for Finance Director, NAO, 2008’. Category A = Highly Insecure, B = Other insecure.

## **1.1. Report structure**

- 1.8. In Chapter 2, the report assesses DFID's understanding of policy and approach to its engagement in fragile states, including its evolving policy position and its alignment with the OECD DAC Principles for Working in Fragile State Settings. A number of themes are introduced in this Chapter which then form the framework for a deeper analysis of the CPE evidence. The themes are presented in five Chapters. Chapter 3 looks at the extent to which DFID has been able to deliver more aid with greater effectiveness; Chapter 4 explores the links between security and development; Chapter 5 examines DFID's focus on state-building; Chapter 6 assesses DFID's partnerships with host governments, with other donors, and with other Whitehall departments. Chapter 7 explores how well DFID has operated in fragile states in terms of efficiency and conducting monitoring and evaluation. The report concludes in Chapter 8 with a set of lessons and recommendations based on the combined thematic findings.

## Chapter 2. DFID's policy approach to engagement in fragile states

2.1. DFID's working definition of a fragile state covers countries "where the government cannot or will not deliver core functions to its people"<sup>4</sup>. This includes collapsed states; countries in conflict or recovering from conflict; states where governments are weak or unwilling to commit to poverty reduction. Given this wide range of situations, there are no agreed indicators for measuring or monitoring fragility and no agreed list of fragile states. DFID has established a proxy list of 46 fragile states, using the World Bank Country Policy and Institutional Assessment (CPIA), and grouped them into the six categories for 2004/05, as shown in Table 2.

**Table 2. DFID Definition of Fragile States by Category**

Collapsed state	Conflict	Post-conflict or Political Settlement	Unable/unwilling (recalcitrant)	Gradual reform (with occasional setbacks)	Arrested development, decline
Somalia, Haiti	Chad, Nepal	Afghanistan; Burundi, DRC, Liberia, Sierra Leone, Sudan, Timor Leste, Eritrea, Solomon Islands, Guinea-Bissau	Zimbabwe, Burma, Uzbekistan, Angola	Cameroon, Ethiopia, Kenya, Nigeria, Yemen, Cambodia, Tajikistan, Georgia, PNG, Lao PDR, Indonesia, The Gambia, Dominica, Comoros Islands, Sao Tome and Principe, Azerbaijan	Cote d'Ivoire, Guyana, Niger, Kiribati, Vanuatu, Tonga, Djibouti, Guinea, Togo, Mali, Congo

Source: DFID (2007), Zero Based Review on Fragile States (internal document)

2.2. Even this proxy list of fragile states and categorisation remain open to discussion – for example, the World Bank does not classify Ethiopia as a fragile state; and, many host governments (Ethiopia, Cambodia) do not classify themselves as fragile. In addition, countries can move in and out of fragility. Afghanistan still faces ongoing conflict despite its 'post-conflict' status in the Table.

2.3. DFID HQ has nonetheless sought to define a common approach to, and set of policies in, fragile states through various publicly-available policy and discussion papers that complement the OECD-DAC Good Principles of International Engagement in Fragile states and Situations (see Box 2). These papers, which include the new White Paper "Building the state and securing peace" set out the rationale for engaging in fragile states and develop policy analysis and guidance for more and better aid, linking security and development, state-building and use of partnership.

<sup>4</sup> DFID (2005a) *Why we need to work more effectively in fragile states*. Department for International Development. London, UK.



**Box 2. The OECD DAC Principles for Good International Engagement in Fragile States<sup>5</sup>**

In 2005, at the Senior Level Forum on Development Effectiveness in Fragile States, a set of draft Principles for Good International Engagement in Fragile States and Situations were developed. The Fragile States principles were subsequently piloted in nine countries, refined after consultations, and approved at the DAC High Level Meeting in April 2007. These principles have been developed specifically to address aid effectiveness issues in fragile states, and complement the five principles of ownership, harmonisation, alignment, focus on results and mutual accountability of the Paris Declaration on aid effectiveness. The ten Fragile States Principles are:

1. Take context as a starting point;
2. Do no harm;
3. Focus on state-building as the central objective;
4. Prioritise prevention;
5. Recognise the links between political, security and development objectives;
6. Promote non-discrimination as a basis for inclusive and stable societies;
7. Align with local priorities in different ways in different contexts;
8. Agree on practical coordination mechanisms between international actors;
9. Act fast...but stay engaged long enough to give success a chance;
10. Avoid pockets for exclusion (aid orphans).

**2.1. More and better aid**

- 2.4. According to DFID recent estimates<sup>6</sup>, almost one half of the world's poorest will live in fragile states by 2010. This means that MDGs will not be achieved unless faster progress is made in fragile states. Yet fragile states continue to receive significantly less aid than would be expected on the basis of their population needs. In addition, aid in fragile states is often delivered at too slow a pace and through short-term, uncoordinated projects, making it unpredictable. Not only more and better aid, but also fast and flexible aid is needed: a late response to crisis is expensive, and, in the context of fragile states, prolonged crisis are more likely to impact negatively on regional and global security.
- 2.5. DFID recognises that providing more aid, and more effective aid, to fragile states comes with significant challenges. The first challenge presented to DFID is to scale up its spending in fragile states. DFID (2005a)<sup>7</sup> recognises that fragile states have difficulty absorbing large amounts of aid, making it difficult to allocate programme aid. In addition, donor alignment to local priorities and systems (DAC Principle 7) comes with some limitations, because political will and commitment to poverty reduction and/or financial management, planning or implementation capacity are weak. Better aid also requires stronger donor coordination (DAC Principle 8), which DFID champions in fragile and non-fragile states alike.
- 2.6. DFID *Guidance on Aid Instruments* (2006a)<sup>8</sup> gives some examples of the types of aid used in fragile situations, including multi-donor trust funds in countries like Afghanistan, where the country systems are weak but the government is committed to poverty reduction; large scale humanitarian aid or investment projects in countries like DRC; or primarily funds through the United Nations (UN) and civil society, with programmes 'shadow aligned' to national strategies, as in Zimbabwe.

<sup>5</sup> [www.oecd.org/fragilestates](http://www.oecd.org/fragilestates).

<sup>6</sup> DFID (2007), Zero based Review: Fragile States, Politics and the State Team (internal document)

<sup>7</sup> DFID (2005a) Op.cit

<sup>8</sup> DFID (2006a), *Guidance on Aid Instruments*, Practice Paper, How to Note, DFID, UK.

- 2.7. DFID *Zero Based Review on Fragile States* (2007)<sup>9</sup> concludes that a broader range of aid instruments should be used in fragile states than those used in “good performers”<sup>10</sup>. It is argued that using a range of instruments helps to lower risk, as well as allowing more flexibility to changing circumstances.
- 2.8. Also related to the aid effectiveness agenda is DFID’s commitment to focus on the link between humanitarian and development aid. DFID recognises that humanitarian assistance provides essential services to vulnerable people in fragile states, but is not effective in laying the foundations for longer-term development. As a result, DFID (2005a) is committed to finding the right balance between humanitarian and development aid, and to ensuring that “*the lessons of delivery of humanitarian assistance inform development aid and that development expertise is brought into humanitarian operations*”. In addition, under the Good Humanitarian Donorship, an initiative launched in Stockholm in June 2003, DFID is committed to seek a faster and coordinated international response to humanitarian crises.
- 2.9. Importantly, DFID also makes the commitment to provide more staff to work on fragile states<sup>11</sup> – this at a time when efficiency saving targets, and with them, headcount restrictions, were established as part of the UK government’s ‘doing more with less’ agenda. The efficiency target has since widened to cover the administrative budget, which cover staff salaries but also other costs.

## 2.2. Linking security and development

- 2.10. DFID *Fighting poverty to build a safer world: A strategy for security and development* (2005b)<sup>12</sup> is based on the recognition that development and security are linked: violent conflict destroys life and development; slow or uneven development fuels fragility and conflict. DFID’s strategy identifies two priorities: to integrate conflict and security into its work; and to work with other parts of the UK Government. These priorities are in line with the OECD DAC Principle 5.
- 2.11. Working across Whitehall is a permanent feature of DFID’s strategic approach to engagement in fragile states. For example, DFID (2005a) commits to ensure policy coherence across Whitehall – noting that “*in countries where we have a bilateral programme, we will base our policies on a common analysis that includes contributions from Foreign and Commonwealth Office (FCO), Ministry of Defence (MOD), the Cabinet Office and other relevant Departments*”. This principle also comes out strongly in the UK 2009 White Paper *Eliminating World Poverty: Building our Common Future*, in which the UK government pledges, amongst others, to develop new joint government strategies in fragile countries<sup>13</sup>.

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<sup>9</sup> DFID (2007), *Zero Based Review on Fragile States* (internal document)

<sup>10</sup> DFID (2005a) describes good performers as follows: “good performers’ with capacity and political will to sustain a development partnership with the international community.”

<sup>11</sup> DFID (2005a), Op.cit, p.25

<sup>12</sup> DFID (2005b) *Fighting poverty to build a safer world: A strategy for security and development*, Department for International Development. London, UK.

<sup>13</sup> DFID (2009b), *Eliminating World Poverty: Building our Common Future*, White Paper, Department for International Development. London, UK.

2.12. Context analysis is also a central tenet of DFID's approach. DFID is highly committed to investing in understanding the political economy in fragile countries. This includes paying greater attention to the regional and global dimensions of conflict and insecurity and making more use of political and conflict analysis in programme design.

2.13. The need to develop a conflict-sensitive approach to development (and often post-conflict reconstruction) is mentioned in DFID *Fighting poverty to build a safer world: A strategy for security and development* (2005b) and in DFID *Preventing Violent Conflict* (2006). DFID *Building the State and Securing the Peace* (2009b)<sup>14</sup> also acknowledges the need for a conflict sensitive approach to development, saying:

*“Service delivery can promote human development outcomes, but it can also be a source of tension and conflict (e.g. water service provision, or the content of the education curriculum). Our approach should be a conflict-sensitive one, seeking opportunities to reduce the risk of instability and violence.”*

2.14. Prioritisation and sequencing also receive DFID's attention. DFID (2005a) identifies failure to protect people and their property, Security Sector Reforms (SSR), and public financial management as the main priorities. By contrast, DFID *Fighting poverty to build a safer world: A strategy for security and development* (2005b) shows less inclination to prioritise, instead mentioning SSR, an accountable political system, the provision of basic services, an effective, transparent management of primary commodities and procurement procedures, and the ability to manage and recover from macroeconomic shocks as all important actions to foster “governance that reduces conflict and promotes stability”.

2.15. DFID *Building the State and Securing the Peace* (2009b) concludes that sequencing and prioritising will need to be context specific. Possible interventions are identified as follows: inclusive political settlements; addressing the causes of conflict and building resolution mechanisms; developing state survival functions (namely security and justice and revenue and taxation); and responding to public expectations.

### **2.3. Focus on state-building**

2.16. DFID puts building an effective state at the centre of development in fragile and non-fragile countries alike. DFID's focus on state-building is principally defined by the Capability, Accountability and Responsiveness framework of DFID's White Paper *Making governance work for the poor* (2006)<sup>15</sup>, which includes the following points:

- Capability – the extent to which leaders and governments are able to get things done.
- Accountability – the ability of citizens, civil society and the private sector to scrutinise public institutions and governments and hold them to account.
- Responsiveness – whether public policies and institutions respond to the needs of citizens and uphold their rights.

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<sup>14</sup> DFID (2009b) *Building the State and Securing the Peace*, Emerging Policy Paper. UK

<sup>15</sup> DFID (2006), *Making governance work for the poor*, White Paper, Department for International Development. London, UK.

2.17. This framework does not capture the endogenous, non-linear process of statebuilding – and with it the possible tensions between statebuilding and peacebuilding. In DFID *Building the State and Securing the Peace* (2009b), state-building is equally seen as the state enhancing its ability to function, and the political processes that underpin the state-society relationship. This conceptual framework seems to provide a better balance in focus between state functions and the need to support inclusive political settlements when supporting state-building in fragile contexts.

## 2.4. Partnerships

2.18. The UK Policy Paper, *Partnerships for poverty reduction: rethinking conditionality* (2005)<sup>16</sup> recognises that in fragile states the shared commitments for a good partnership – namely commitment to poverty reduction, respect for human rights, and public finance management – are often not in place.

2.19. In this paper, the UK warns that aid will be reduced or withdrawn, should the host government not meet the partnership principles. Possible options are nonetheless put forward in recognition of DFID's commitment to stay engaged. These include using Transitional Results Matrices<sup>17</sup>, monitoring closely the situation and identify opportunities for political dialogue, coordinating with other donors, and working with partners other than the government.

2.20. Staying engaged also shapes DFID's approach to partnership in fragile states<sup>18</sup>, which is based on the following principles:

- Where we cannot support a government directly, we will not abandon efforts to establish partnerships.
- Where leadership is weak in a fragile state, we will step up our efforts to coordinate with other donors.
- We will also look for ways to support the policies of civil society and local government.

2.21. The above statements nonetheless remain very broad: engagement in fragile states will often require working with, through, and around the state all at the same time, calling for a carefully balanced combination of partners and aid instruments. Practical guidance on possible forms of partnership with governments that show little commitment to human rights, poverty reduction and/or sound financial management, remains scarce.

2.22. In **conclusion**, DFID has developed a consistent set of policy documents to support UK engagement in fragile states over the years, which together demonstrate a sophisticated,

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<sup>16</sup> UK (2005c), *Partnerships for poverty reduction: rethinking conditionality*, A UK policy paper, DFID, FCO and HMT, UK.

<sup>17</sup> The Transitional Results Frameworks entail key milestones from post-conflict needs assessment carried out jointly by the host government and international community. These frameworks bring together the development, security, and diplomacy components of a transition to stability, and set out an agreement between donors and the government about how much support will be given to activities in key areas (DFID, 2005a)

<sup>18</sup> UK, *Fighting poverty to build a safer world: A strategy for security and development* (2005)

coherent, and ambitious approach to fighting fragility in the world<sup>19</sup>. The most recent DFID White Paper<sup>20</sup> (2009) reiterates the UK's commitment to building peaceful states and societies and pledges *inter alia* to increase support for democratic politics, generate economic opportunities, and treat security and justice as basic service. As shown in subsequent chapters, there is a need for more practical guidance – from conflict-sensitivity, prioritisation and sequencing through to programme design, risk analysis and mitigation, and partnership – and lessons can be learnt from the past.

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<sup>19</sup> DFID have also supported and signed up to other EU and OECD DAC documents such as Guidance on Evaluating Conflict Prevention and Peacebuilding Activities□, OECD, Paris, 2008.

<sup>20</sup> Eliminating World Poverty: Building our Common Future, UKAID, July 2009.

## Chapter 3. More and Better Aid

3.1. In this chapter, we review DFID's commitment to the aid effectiveness agenda in the nine countries considered in this report. We then look at the scale and nature of scaling up in all countries, before reviewing the types of aid delivery mechanisms used in fragile states, and attempts to link humanitarian and development aid. The last section looks at overall progress in aid quality.

### 3.1. DFID's commitment to aid effectiveness

3.2. DFID saw itself – and was generally seen by others – as a champion of aid effectiveness in fragile settings, and as being better equipped than others to promote aid effectiveness. Several countries were seen by DFID as providing an opportunity, especially with the setting up of country offices, to pursue aid effectiveness and harmonisation more vigorously. For example, in DRC, the programme was seen by Africa Directors in London as:

*“an opportunity for DFID to move away from traditional development cooperation programmes and embrace new ways of working – typically working through multilaterals and closely with other donors through joint funding. The objective was to operate as far as possible within the framework of multi-donor programmes and trust funds”<sup>21</sup>.*

3.3. In Afghanistan, DFID set aid effectiveness as one of its three pillars in its Interim Strategy 2005/6, and backed this up by committing 70% of its funding through the Government budget. The CPE found that DFID had an extremely good track record on aid effectiveness issues in Afghanistan. *“Pledges have translated to disbursements very quickly, and DFID has provided procurement capacity to facilitate rapid and transparent utilisation of donor resources”<sup>22</sup>.*

3.4. DFID saw aid effectiveness mainly as improving Government ownership and financial management capacity, as well as in improving donor coordination. In so doing, DFID has firmly adhered to the fragile state principles of state building and acting rapidly. It has paid somewhat less attention to the role of non government and civil society in improving the transparency and accountability of aid, issues that would contribute to addressing the other Fragile States principles such as aligning with local priorities and avoiding pockets of exclusion. In Sudan, the CPE noted that in *“the concerted international efforts at coordination and alignment, there are dangers that civil society may be left out or relegated to having only a service-delivery role, while the importance of creating a strong civil society to press for good governance is overlooked”<sup>23</sup>.*

3.5. In Cambodia, too, DFID shifted to a strong aid effectiveness agenda in its 2005 Country Assistance Plan. The CPE judged that DFID *“has made a significant contribution to development in Cambodia – most notably in catalysing the movement of the donor community beyond a post-conflict perspective, and in prioritising aid effectiveness and maximising development effectiveness in ways that were difficult for others to ignore”*. The CPE also noted that DFID

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<sup>21</sup> DRC CPE p.15

<sup>22</sup> Afghanistan CPE, Executive Summary

<sup>23</sup> Sudan CPE, p.41

needs to judge when to allow others to play a more central role in this arena, and suggests that closure of the DFID programme would be an appropriate route provided that it was handled with care.

- 3.6. DFID showed less evident commitment to be a champion of aid effectiveness in Nepal and Pakistan, where the platforms for joint approaches were limited, and DFID tended to work with fewer donors. Pakistan, as a less-aid dependent country, showed less appetite in the government for aid coordination, despite the existence of structures<sup>24</sup>, which was in contrast to Afghanistan where central government more vigorously led aid coordination. DFID Nepal's strategies had an early alignment with the Poverty Reduction Strategy and DFID played a lead role in the health SWAp as conflict escalated. In education, DFID Nepal supported the development of an education SWAp approach successfully.
- 3.7. In most countries, DFID's rationale for working through other donors was twofold: doing more with less and promoting the aid effectiveness agenda. Working through other donors also allowed DFID to move to larger programmes, and hence align to government policies and possibly better systems. The evidence from the CPEs studied is that by working through others and moving towards large joint programmes, DFID has in general increased its reputation as an influential and well respected partner. Chapter 6 explores the experience of partnership working in more detail.

### 3.1.1 Country-led coordination

- 3.8. In several instances, coordination structures are emerging that allow national authorities and other stakeholders to participate in aid management, and also to help strengthen their capacity and leadership. Well-established structures already exist in Pakistan, Ethiopia and Cambodia, while in Yemen DFID has supported an Aid Harmonization and Alignment Unit in the Ministry of Planning and International Cooperation. DFID has played a positive role in several cases, for example, in Afghanistan, where it gave timely support to the Afghanistan Assistance Coordination Authority, which allowed the Afghan Transitional Authority to take a strong lead on donor coordination from 2002. Less success occurred in Sierra Leone, where the Government has not been able to emerge as a strong leader of coordination, and where DFID has not achieved a genuine partnership around conditionality and mutual accountability.

*“Whilst GOSL may have had ownership of particular policy objectives, such as decentralisation and management of the diamonds industry, the evaluation period shows that DFID and GOSL have not been able to develop an institutional mechanism that allows systematic discussion of priorities and expectations and development of a joint view with mutual accountability for delivery.”<sup>25</sup>*

- 3.9. Government in several countries have been able to use Poverty Reduction Strategy Papers (PRSP) to build stronger leadership over the use of their aid – although the relevance of PRSP processes have risen and then fallen in some cases (for example in

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<sup>24</sup> Pakistan though not in a crisis, does suffer from weak donor coordination and low enthusiasm for Paris principles. Larger donors such as the US (and the UK) have had geopolitical/ security motives for their aid, and the low-aid dependent Government appears to show weak interest in better harmonisation.

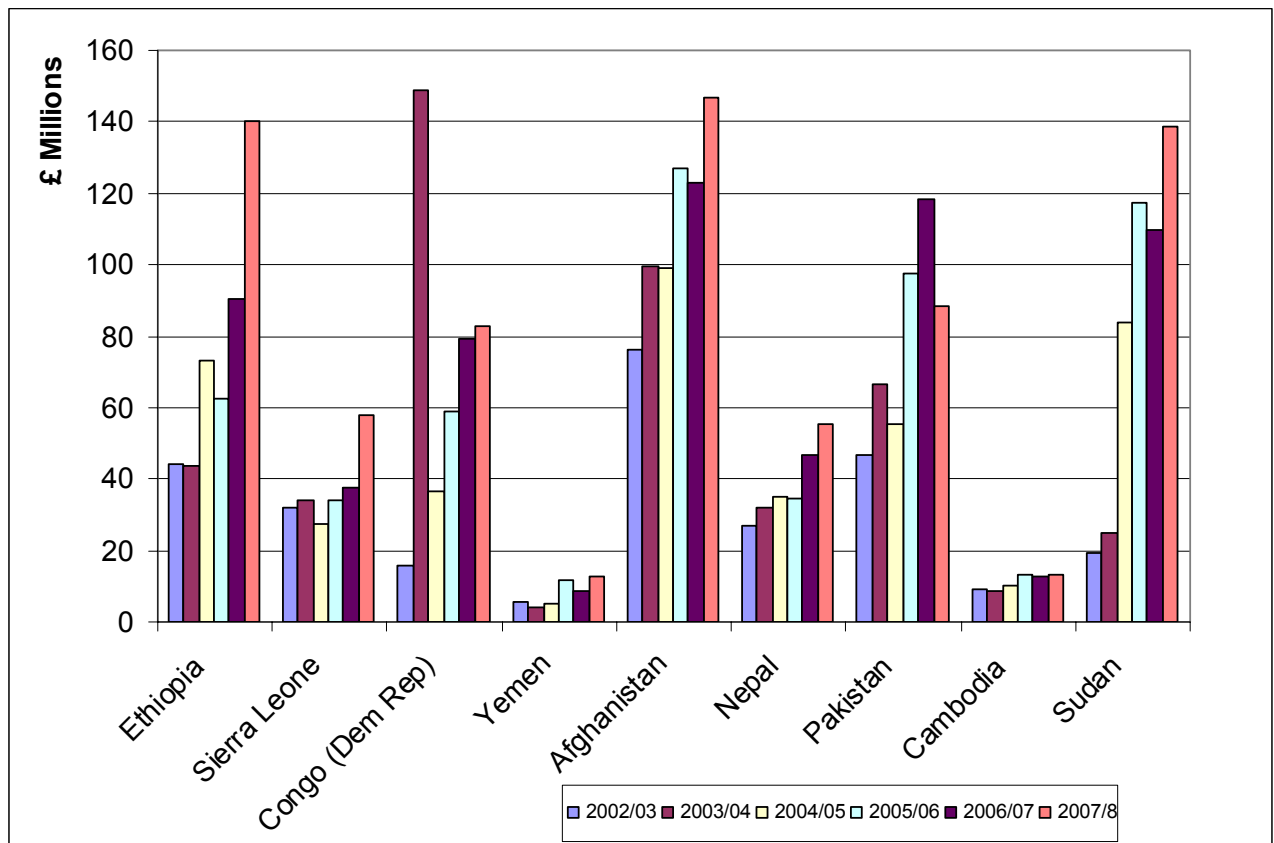
<sup>25</sup> Sierra Leone CPE, para 5.27

DRC where full debt relief has not occurred because of delays in reforms). In Nepal, DFID played an important supporting role during the PRSP formulation with the Government and key donors. DFID also aligned itself with the Government’s Foreign Aid Policy in 2002. DFID support to the National Development Forum and the London Conferences on Nepal in 2002 and 2005, demonstrated DFID’s commitment to building understanding of the conflict situation and its leadership role in guiding the response.

### 3.2. Scaling up

3.10. DFID has more than doubled its support to countries classed as fragile states within the past five years and plans further increases. In 2007–08 it spent over £1 billion, or 46% of its bilateral expenditure, in 19 countries in the fragile states category. DFID has invested £2.3 billion in our nine countries since 2002/3<sup>26</sup>, a figure that represents 10.5% of its total bilateral aid over the period (refer to Table 3 in Annex 1). In all nine, expenditure has generally increased, in some cases dramatically (Figure 1). In DRC, excluding the dramatic humanitarian aid spend in 2003/4, the rise has been fivefold, while Sudan has increased by the same factor although here humanitarian aid is over 80%. Ethiopia has jumped threefold, and Afghanistan with the largest overall volume of aid has roughly doubled over the six years since FY 2002/3.

Figure 1. DFID aid disbursements (including humanitarian aid) to selected Fragile States 2002/3 - 2006/7



Source: DFID Departmental Report 2008

<sup>26</sup> Figure includes humanitarian as well as bilateral spend from 2002/3 – 2006/7. DFID Annual Reports 2008 and 2009.



### 3.3. Use of Budget Support

- 3.11. Four out of nine countries received Poverty Reduction Budget Support (PRBS) over the evaluation period. These countries were Sierra Leone, Cambodia, Ethiopia, and Pakistan. Afghanistan, DRC, Sudan, Nepal and Yemen did not qualify for budget support (although use of such an approach was under consideration in all but Afghanistan).
- 3.12. The analysis supporting the choice of PRBS has been of mixed quality. Internal DFID guidance requires that a thorough evaluation of public financial management and accountability systems, and associated risks, be carried out<sup>27</sup>. On these grounds, DFID's rationale for using budget support in Pakistan remained unclear and was essentially a political decision. In Sierra Leone, while risk analysis was weak, the decision to provide budget support was judged correct in providing support to a new and fragile government. The rationale for providing budget support in Cambodia and Ethiopia was better linked to DFID's own guidance, given the low fiduciary risk and both governments' commitment to pro-poor spending.
- 3.13. PRBS has provided a valuable platform for policy dialogue in fragile and non-fragile state alike. For example, in Ethiopia, the experience of PRBS, and before then, Direct Budget Support, demonstrated that performance assessment frameworks, centred on clearly formulated indicators, have helped to improve the quality of dialogue and focus attention on outcomes and impacts. In countries where the share of budget support to total government revenues is minimal, like Pakistan, more targeted, sector budget support was found to be more effective in supporting policy shifts and improving service delivery<sup>28</sup>.
- 3.14. The political risk attached to PRBS has sometimes been underestimated such as in Ethiopia when budget support had to be suspended in response to the violence surrounding the 2005 elections. Yet Sierra Leone provides an important contrast, as evidence suggests that the initial political decision to provide budget support was bold and effective in providing resources to a weak government in a post-conflict situation, even though underlying analysis was weak.
- 3.15. New forms of budget support have successfully been designed to match the context, in this case Ethiopia and Afghanistan. Since 2006, donors in Ethiopia have funded the Protection of Basic Services (PBS) – a new form of budget support that allows money to be channelled directly to all districts (woredas) in charge of service delivery. Components of PBS have also been devised to respond to specific needs, including health, financial transparency and social accountability (for the latter, see page 29–30).
- 3.16. In Afghanistan, DFID's largest contribution was through the Afghanistan Reconstruction Trust Fund (ARTF), which an independent evaluation<sup>29</sup> has referred to as *de-facto* budget

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<sup>27</sup> DFID (May 2004), *Poverty Reduction: Budget Support A DFID policy paper*, Department for International Development, UK: London.

<sup>28</sup> In its Management Response, DFID Pakistan reaffirms their role in stimulating the dialogue, both among donors and with Government, in particular at the provincial level, on the use of programmatic approaches alongside more traditional project approaches. They see budget support as a key way to support more and better social spending and to strengthen the government systems responsible for delivery in the future.

<sup>29</sup> Scanteam, et al, 'Assessment, Afghanistan Reconstruction Trust Fund', 2005.

support. The ARTF is a multi-donor trust fund administered by the World Bank in support of Afghanistan's reconstruction efforts. It has been the donor community's response to the national authorities' strong and consistent request for a single, predictable, accountable source of untied funding for the recurrent budget, which is the government's top priority. Through the recurrent window, the ARTF finances the salaries and wages of over 250,000 non-uniformed civil servants (most of them outside Kabul) plus operation and maintenance expenditures.

### **3.4. Joint funding**

3.17. Pooled funds and Trust Funds have been widely used in the countries studied often on the grounds that they provide a cost-effective way to mobilise resources and coordinate response in the absence of well organised host government machinery. Despite this approach being strongly endorsed at corporate level as a way of demonstrating DFID's compliance with harmonised aid practices, the experience at country level is in general that they are slow to set up, costlier to manage than normal bilateral projects (see Chapter 7), and have often been judged as achieving more in terms of aid effectiveness than in delivering development impact. There are notable exceptions as illustrated by the Social Fund in Yemen (Box 3).

3.18. DFID though faces a dilemma when choosing pooled / trust funds, as the Sudan CPE thoughtfully explores<sup>30</sup>. On the one hand they aim to reduce transaction costs and reduce risks for individual donors, but for active and large donors such as DFID they also reduce the role that such actors can play on the ground as a flexible and well-staffed actor, and force them instead to work on improving the performance of the agencies hired to manage such funds. Box 4 discusses different experiences in the use of these funds.

#### **Box 3. Case study: Social Fund for Development in Yemen – a form of shadow alignment?**

DFID's support for the Social Fund for Development (SFD) in Yemen has proved to be an effective, and innovative, way of supporting service delivery in this country. SFD is DFID's current largest single programme, with an accumulative spend of £63.1 million from 2004-10. This investment was appropriately rated as low risk, given the comparatively high levels of project management and skills available to the programme.

SFD is a Yemeni quasi-governmental organisation which provides support directly to communities to improve education, health, roads, and water supplies. Over the years SFD has helped to provide space and mechanisms for citizens to participate in and engage with government at the local level through participatory methodologies. For example, SFD has trained 6,000 elected councillors in Yemen, as well as built community capacity for planning, financial management and monitoring. Their experience has informed the National Strategy for Local Government.

The commonly stated concern over SFD is that it bypasses Government of Yemen systems while creating an 'island of excellence' partly ensured by higher salary scales than in ministries. It is also a highly convenient instrument for DFID that absorbs and spends money relatively quickly. These charges are undoubtedly true, though documentation suggests that SFD has evolved its strategy to align with and complement Government strategies rather than competing with or bypassing them. SFD is increasing its focus on helping communities to voice their demands and hold Government accountable.

The heart of the debate lies in the priorities that DFID sets for itself, bearing in mind that DFID has not yet had a clearly articulated country strategy in Yemen. If efficient delivery and addressing MDGs is the uppermost priority, a continued engagement with SFD is a strong option, also taking into account substantial inputs to the Fund from other donors. The alternative – a higher risk strategy of budget support through central government line ministries – implies weaker delivery mechanisms counterbalanced by much-needed capacity development and financial investment.

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<sup>30</sup> Sudan CPE

**Box 4. Pooled and Trust Funds: good mechanisms for coordination and poverty reduction?**

Pooled funding or Trust Funds has been used in most of the countries reviewed. Success has been mixed, but the evidence overall is that they can improve coordination but may be slow to improve services and impact on poverty.

In DRC, the use of a UNDP basket fund for election support proved essential to mobilise sufficient financial resources from the donor community and, with it, allow regular consultation between donors and the Congolese authorities. But it proved wise to also provide bilateral funds for other election programmes such as the media.

In Yemen, in spite of pooled funding agreements, engagement by other donors in coordination has been limited due to their capacity constraints in country. Yet there have been effective examples such as the Social Fund for Development which has been a flagship example of good aid delivery through a government owned fund mechanism (see Box 3 in this report).

In Afghanistan ARTF dominated DFID's programme (48% of spend). Early financial and capacity support from DFID to ARTF has been 'exemplary, demonstrating good practice in relation to the Paris Declaration and principles of aid effectiveness in fragile states'. However, the impact of the ARTF on the government's legitimacy and ability to deliver, particularly outside Kabul, remains 'open to question'. Yet as the largest contributing donor, DFID has influenced the Netherlands and Nordic countries to increase the percentage of their development assistance channelled through the budget, and is gradually having an incremental impact on the US.

In Sierra Leone pooled funding was the most common way by which DFID tried to strengthen harmonisation of projects in service delivery sectors. Of the 30 projects implemented in the years of the review, seven were supported through pooled funding. Results were seen as positive especially in aid effectiveness and influencing the government.

In Ethiopia, DFID has mainly worked through multi donor funds (83% of spend). An important example is the Humanitarian Response Fund (HRF) which was a first step to harmonising the emergency humanitarian response of donors. Following the introduction of the HRF by DFID, three donors began pooling their humanitarian assistance through HRF (Netherlands, Norway and Sweden). In 2007, this amounted to 44% of the pooled funding (nearly \$6 million out of \$13.6 million), with DFID providing the balance. More donors are expected to join the initiative in the coming years. Furthermore, HRF is becoming a forum for expressing concerns and taking collective action for donors involved in emergency response – even when they are not contributors to the HRF mechanism.

In Sudan, nearly two thirds of DFID's funding went through pooled funds, which were deemed relevant mechanisms given the low capacity of the new Government in Southern Sudan in 2005. However most of these funds such as the Common Humanitarian Fund, have been too slow, costly to manage, poorly controlled and with complicated procedures. The World Bank-managed MDTF did not have the policy or capacity building influence anticipated. While DFID struggled to set up multi-donor trust funds, its own Basic Services Fund, introduced as an interim mechanism to mobilise funding, was judged successful in delivering health, education and water and has attracted other donor funding.

### 3.5. General progress on aid effectiveness

3.19. **Country Performance.** The general picture on how well the selected countries<sup>31</sup> comply with the Paris Declaration is summarised in Table 3. The diversity of performance is striking, as is the fact that the selected fragile states do not all perform any worse than the global average. Looking at the selected indicators, those that are more consistently below the average concern the use of programme-based aid (7 out of 8 countries below the average) and coordination of analysis (6 out of 8 countries below the

<sup>31</sup> Excluding Pakistan which did not participate in the OECD Paris Declaration survey

average). The group perform better than average in terms of levels of untied aid and coordination of missions (6 out of 8 are higher)<sup>32</sup>.

**Table 3. OECD Survey on Monitoring of the Paris Declaration on Aid Effectiveness**

	How much technical assistance is coordinated with country programmes?	Use of Govt financial management systems	How many PIUs are parallel to country structures?	Are disbursements on schedule and recorded by government?	How much bilateral aid is untied?	How much aid was programme based?	How many donor missions were coordinated?	How much country-analysis was coordinated?
<b>2006/2008 Survey Countries</b>		<b>Estimates for 2007</b>						
Afghanistan	54%	48%	26	70%	94%	40%	37%	32%
Cambodia	35%	14%	121	96%	76%	28%	12%	17%
Congo, Dem. Rep.	38%	0%	146	20%	94%	29%	21%	23%
Ethiopia	67%	47%	56	73%	82%	66%	29%	70%
Yemen	46%	5%	27	33%	86%	21%	29%	31%
<b>2008 Survey Countries</b>								
Nepal	15%	68%	106	47%	94%	23%	23%	28%
Sierra Leone	22%	20%	2	30%	92%	27%	27%	56%
Sudan	53%	3%	105	52%	80%	19%	15%	45%
Global average	59%	47%	37	63%	85%	44%	20%	42%

Source: [http://www.oecd.org/document/0/0,3343,en\\_2649\\_15577209\\_41203264\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/0/0,3343,en_2649_15577209_41203264_1_1_1_1,00.html)

\* Text in red shows marked under performance by DFID against the global average.

3.20. **Role of the UK.** The detailed OECD Paris Declaration monitoring report<sup>33</sup> indicates that the role of the UK is better than other donors in most of the studied countries, and showing improvement between 2005 and 2007, except in Cambodia where in a number of areas DFID has performed less well<sup>34</sup> despite its commendable commitment to aid effectiveness noted in the CPE. In Cambodia, there are signs of ‘aid effectiveness fatigue’ and despite progress the country is still seen as a poor performer in this area. In Ethiopia, progress with aid effectiveness has reversed since the events of 2005 turned donors in general away from stronger alignment with government<sup>35</sup>. The UK was one of the donors that fell away in the following two years<sup>36</sup> particularly around measures concerning use of government systems, while those related to coordination of missions and analysis improved.

3.21. The OECD surveys however give an over-simplified view, and the evidence from the CPEs tends to show that DFID has progressed further (and led others) towards greater aid effectiveness. In Ethiopia, in contrast to the OECD survey, the CPE finds that DFID

<sup>32</sup> As part of the Accra Action Plan, progress in complying to the 10 principles of good international engagement in Fragile States is currently being monitored in a number of countries, including DRC, Afghanistan, Sierra Leone, see [http://www.oecd.org/site/0,3407,en\\_21571361\\_42277499\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/site/0,3407,en_21571361_42277499_1_1_1_1,00.html)

<sup>33</sup> 2008 Survey on Monitoring the Paris Declaration, OECD, 2008

<sup>34</sup> For example in coordination of missions, technical cooperation and analysis, and use of programme-based aid.

<sup>35</sup> In 2005, 53% of aid disbursed in **Ethiopia** was in the form of programme-based approaches, with just over half being budget support. **Ethiopia** was therefore the largest recipient of PBAs in the world in relation to its level of development assistance.

<sup>36</sup> Programme-based approaches fell from 101 to 87%, use of govt financial systems from 100 to 79%

has been a central actor in aid coordination and in increasing harmonisation, as well as in use of government.

## Chapter 4. Linking security with development

4.1. This chapter starts with an assessment of the quality of DFID’s context analysis in fragile states. It then reviews DFID’s performance in linking security with development and in supporting inclusive political settlements and security sector reforms.

### 4.1. Context analysis

4.2. The CPEs show that most DFID country strategies have to a large extent pursued the multiple objectives of security and development. For this, DFID carried out context analysis, often jointly with FCO and MOD, in the majority of countries (see Table 4). The lack of diagnostic work in Afghanistan (until 2008) was identified as a particular concern in the CPE.

4.3. Conflict analysis was used to shape DFID’s country-led approach in Nepal (belatedly), DRC, Sudan and Yemen. In Nepal, a conflict assessment undertaken in 2000 was deemed too sensitive to be shared. As a result, DFID strategy in 2000–01 was not “*as informed by available analysis as it could have been*”. Here and elsewhere, the work of DFID conflict analysts added great value. DFID’s work was also informed by the work of others, including that of DFID-funded peacebuilding INGOs.

**Table 4. DFID’s country context / political economy analysis**

Country	Dates	Analytical work
Afghanistan	2002–07	None, until 2008.
Cambodia	2003–08	Drivers of Change Analysis (2003) Cambodia Governance Analysis (2008)
DRC	2003–09	Drivers of Change Analysis (2006) Strategic Conflict Assessment (2006, 2007)
Ethiopia	2003–08	Fiduciary risk Assessment Country Governance Analysis (2008)
Nepal	2001–06	Strategic Conflict Assessment (2000, October 2002) Programme-Level Conflict Assessment (August 2002)
Pakistan	2003–08	Drivers of Pro Poor Change (2003) Social Exclusion Study (2003)
Sierra Leone	2002–07	Fiduciary risk analysis Drivers of Change Analysis (2006) Country Governance Assessment (2007)
Sudan	2005–08	Conflict audit (2008)
Yemen	2004–09	Drivers of Change Analysis (2004) Strategic Conflict Assessment (2004)

4.4. DFID used its context analysis to shape its approach to peacebuilding and state-building varies. In most countries, the governance programmes were broadened to include democratic politics and/or security sector reforms. Other sectors and/or interventions were also chosen because they addressed the causes of conflict. This includes governance in the mining sector in DRC and counter narcotics in Afghanistan. Both sectors were seen as highly relevant in CPEs.

## **4.2. Support for inclusive political settlements**

- 4.5. DFID, in partnership with FCO, has looked at a range of political processes, formal and informal, and with local, national and international influences. DFID has made a significant contribution over the years in promoting more interaction between civil society and the state, as it was the case in Sierra Leone with Enhancing the Interaction and Interface between Civil Society and the State to Improve Poor People's Lives (ENCISS). This is further discussed in Chapter 5. In post-conflict and conflict-prone countries, DFID has specifically supported dialogue and reconciliation at all levels, from community-based initiatives to support for peace negotiations.
- 4.6. Dialogue and reconciliation at community level were at the core of DFID-supported peacebuilding activities in the late 1990s and early 2000s. DFID supported reconciliation projects through International NGOs in DRC and Sierra Leone. Being principally process-oriented, these projects found it hard to show results on the ground over limited timeframes.
- 4.7. This, coupled with the 'doing more with less' agenda, explain DFID's decision to stop direct bilateral support for stand-alone local reconciliation and dialogue projects. Dialogue is now mainstreamed in community-led reconstruction projects or as part of DFID support for broader civil society programme, like ENCISS. Support for peacebuilding activities were also recently resumed in Sudan. In the DRC 2008 Country Plan, DFID invests stronger effort to link peace agreement negotiation and implementation to the grass roots, and to encourage peace at the level of communities.
- 4.8. Nationwide, DFID has supported peace negotiations on the back of HMG's military and diplomatic activities. Small-scale funding (mostly Conflict Prevention Pool resources) has been used to support the organisation of peace conferences, with a particular emphasis on promoting stakeholder participation and buy-in. DFID's main success was in Nepal, when the DFID-supported National Peace Campaign was instrumental in helping to persuade parties to accept re-structuring of the state as part of a peace process.
- 4.9. DFID's area of engagement has also entailed supporting democratic processes, including free and fair elections. DFID earmarked significant funding towards the organisation of first democratic elections in DRC, Afghanistan, Pakistan and Sierra Leone. The support of the international community for the electoral process is highly relevant in countries where former warring parties have agreed to new power-sharing arrangements and with them, a transitional path towards a new constitutional regime, as part of the peace agreement.
- 4.10. As part of its support for the elections, DFID provided direct and indirect support to projects that aimed to reinforce civic participation through the electoral cycle, from campaigning to vote counting, in Afghanistan and in DRC. Gender empowerment was specifically targeted. DFID's work with the media was also highly relevant in countries like Sierra Leone and DRC, where partisan media was identified as a particular threat to security around the elections.
- 4.11. Despite the high risk environment and logistics involved, elections in Afghanistan (at least in the first round in 2004), Pakistan, and DRC were deemed a success, and

recognised as fair and transparent by the international community<sup>37</sup>. In Sierra Leone, there were strong reservations about the administration of the 2004 elections. This prompted DFID to withhold a part of the performance component of its budget support. DFID's support for the 2007 election in Sierra Leone was more effective.

- 4.12. In all four countries, DFID supported the elections through a United Nations Development Programme (UNDP) - administered trust fund. This formula proved effective in mobilising resources and ensuring close coordination amongst donors.
- 4.13. Although successful elections allow DFID to support legitimate governments, and establish a close partnership with them, the reputational risk remains high given the huge democratic deficit in these countries. DFID's main instrument for risk mitigation is to foster political dialogue (see Chapter 6) and support for state building. On the latter, DFID recognises that free and fair elections are not sufficient to secure democratisation in fragile states. As a result, country strategies typically identify complementary long-term actions in support of the development of a capable, accountable, and responsive states (see Chapter 5).

### **4.3. Support for Security Sector Reforms**

- 4.14. When peace was established in Sierra Leone in 2002, DFID's experience in post-conflict countries had not been codified and much of the policy and advice was only produced in 2005, in part reflecting the experience in Sierra Leone. UK's involvement in SSR was mostly drafted through the Cabinet Office, with limited involvement from DFID, which instead 'post-rationalised' HMG decisions and priorities in its own operations and strategies
- 4.15. DFID can now claim a comparative advantage in Security Sector Reforms (SSR) (including justice). This is acknowledged in the Afghanistan CPE report, which recommends "*Significantly greater attention to rule of law and justice is warranted. [...] DFID should draw on its experience in other fragile states*".
- 4.16. Despite the reputational risk involved<sup>38</sup>, DFID has continued occasionally to provide equipment and training to police. In DRC, for example, the joint project with South Africa in police training and the provision of radio equipment ahead of the 2006 elections. The consequent success in securing security during the elections was instrumental in leading the country to a successful transition. This particular aspect of SSR, however, has been less convincing elsewhere (Sierra Leone) and showed little result beyond output level. Using a more holistic approach, police perception surveys in Sierra Leone have since shown an increase in people feeling safer over time
- 4.17. DFID, jointly with FCO and MOD, has also financed managerial inputs such as new organisational plans within the security sector. In Ethiopia and Sierra Leone, DFID worked directly with the national institutions (the Office for National Security in Sierra

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<sup>37</sup> The last round of elections in Afghanistan, which DFID supported in 2009, has since been marred by allegations of fraud.

<sup>38</sup> For example, DFID's support for training and equipment to the police backfired in Ethiopia, after UK support was linked to human rights abuse by the police in 1997. DFID suspended its support in this sector, when Ethiopia went to war with Eritrea.



Leone and National Security Council in Ethiopia). These institutions were found to lack political clout (Ethiopia) and the risk of creating ‘Rolls Royce’ institutions within the army and police – with no progress being made in other parts of the public and security sector – was highlighted as an issue in the Sierra Leone CPE.

- 4.18. Over the years, DFID has moved towards a more holistic approach to SSR, with a shift of emphasis from security of the state to security of the individual. Early engagement, notably in Sierra Leone, identified the lack of robust and effective parliamentary oversight and sustained civil society engagement with the reform process as a key issue. DFID’s holistic approach to SSR has since involved focusing on the demand and supply side of security.
- 4.19. The role and responsibilities of national parliaments and civil society in providing adequate, democratic oversight on law enforcement agencies, such as police, is now widely acknowledged and promoting accountability has become central to newly-launched DFID-funded police reform programmes in countries like DRC.
- 4.20. DFID has also become strong in supporting policy dialogue and donor coordination in support of strategic plans for the police and justice sector. DFID was instrumental in establishing a justice sector coordination group in Sierra Leone and Yemen. In DRC, thanks to early engagement and optimisation of its portfolio of projects and partners, DFID was able to take a lead role in police reforms. It actively participated in the police reform monitoring committee (Comité de suivi des réformes de la police), noting that “*close consultation and sharing of information between the National Police (Ministry of Interior), EC, MONUC, UNDP and DFID, as the major programme partners, has led to a very well run programme*”<sup>39</sup>. These mechanisms must be government led (with donor support) and not donor led as with the defence reform coordination committee in DRC which was led by the UN and ineffective.
- 4.21. In the justice sector, working through other donors has produced mixed results. In Pakistan, DFID did not proceed with the Access to Justice intervention because of concerns over the capacity of the Asian Development Bank (ADB) to act as a lead agency in this area. In Yemen, DFID shared its concerns over UNDP’s management and administration of the Integrated Justice Sector Development (IJS) Programme, which was divided into three clusters: judicial development, access to justice, and police and prison development and was seen as overly ambitious from the outset.
- 4.22. More recently, DFID has contracted management agencies to implement its justice and police reform programmes (Sudan, Yemen and DRC). Whether this formula will be more successful has yet to be tested. A particular challenge in the justice sector identified in Sudan, Yemen and Afghanistan CPEs is the need to work with dual systems of formal and customary justice courts. In these countries, the majority of the population rely on informal mechanisms of rule of law for their safety.
- 4.23. There is a need for political realism about what can be achieved in countries, where the army and police are often recognised as key destabilising factors and where the justice sector can be rife with corruption. SSR is an endogenous process, which requires a realistic timeframe to change behaviour. Ultimately success in this sector hinges

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<sup>39</sup> DFID Annual Review 2007, Rule of Law Programme.

principally on government goodwill and with it, readiness by law enforcement officials to respect, as well as enforce, the rule of law. The use of functional entry points – through capacity building or organisational reforms – alone will not necessarily lead to improvement in human security.

- 4.24. In conclusion, supporting SSR, let alone peacebuilding, in a holistic and integrated manner require substantial resources. This comes with a risk: in Sudan, the new country plan has a much stronger emphasis on supporting the peace processes as the key to achieving poverty reduction. The CPE nonetheless concludes that the major problem with regard to the relevance of DFID’s strategy is the loss of focus on the underlying DFID ‘mission’ of poverty reduction

#### **4.4. Linking security with development**

- 4.25. DFID has strongly promoted a whole-of-government approach to conflict resolution in fragile states, in recognition of the close linkages between peacebuilding, statebuilding and service delivery, (see 6.37). In practice, however, the UK has not always capitalised on the potential synergy between interventions across policy domains (military, development, diplomacy).
- 4.26. Outside selected humanitarian assistance and community-recovery projects, conflict analysis was rarely used in practice to shape specific development programmes and make them conflict sensitive. Conflict sensitivity was an explicit component of the Nepal peacebuilding strategy and was used successfully to support a ‘do no harm’ approach to humanitarian assistance in conflict zones. In DRC, Sierra Leone, Nepal and Afghanistan, selected reconstruction and community recovery projects – some referred to as Quick Impact Projects – were chosen for their peacebuilding potentials. Although these projects achieved their primary objectives, their ‘peace dividend’ has not been measured.
- 4.27. Linking development with broader peacebuilding and stabilisation through programmes such as Disarmament, Demobilisation and Reintegration (DDR), has also been a constant challenge. HMG was one of the leading bilateral supporters of the DDR programmes in Sierra Leone and Sudan<sup>40</sup>. The slow progress in implementing DDR programmes in post-conflict situation was very early on linked to political circumstances as well as difficulties in generating alternative livelihoods for former combatants. Consequently, DFID funded community reintegration projects in Sierra Leone and DRC to complement Government-owned DDR programmes. DFID also provided shelter and food to army integrated units and their families in DRC through the UNDP – a controversial move given poor human right record by the Congolese army.
- 4.28. On linking security with development, the Afghanistan CPE concludes: “*It was some time before the UK Government as a whole had a shared vision over the link between security and development and the means to achieve these goals. Pursuing multiple objectives in Helmand was initially problematic because approaches towards counter-insurgency, stabilisation, counter-narcotics, peace and development were not necessarily mutually reinforcing*”. Nevertheless, in Afghanistan, the political and security environment is particularly difficult and in delivering an HMG

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<sup>40</sup> DFID HQ’s support for the Multi-country Demobilization and Reintegration Programme, a regional Disarmament, Demobilisation and Reintegration (DDR) programme financed through a World Bank multi-donor trust fund in the Great Lakes region, demonstrated DFID’s attempts to adopt a regional approach to peacebuilding.

strategy, individual Departmental priorities need to be balanced against the overriding objective for UK engagement: which in this case is military action against an insurgency which offers space to international terrorist networks. As part of a 43-nation coalition, a significant effort needs to be focused on understanding and responding to the concerns of major partners (especially the US) and this has significant consequences for the shape of the development programme.

- 4.29. Perhaps the most successful case study in conflict resolution remains Sierra Leone. Here, the UK was found to have made ‘a significant contribution to the restoration of peace and stability. Whilst there may be questions over sustainability and the ‘peace dividend’ is wearing off, peace has been restored. DFID made major investments in demobilisation of combatants from the civil war, supported development of the new security architecture (as part of wider HMG efforts). DFID’s budget support funding has undoubtedly contributed to restoration of the government’s presence throughout the country, because without budget support it is doubtful that GoSL<sup>41</sup> would have been able to pay returning civil servants’<sup>42</sup>. This calls for an integrated approach to peacebuilding and statebuilding, in which DFID as part of wider HMG efforts and alongside other donors carefully balanced their choice of interventions. Sequencing and prioritisation is further discussed in Box 5.

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<sup>41</sup> Government of Sierra Leone

<sup>42</sup> The impact that government revenues can have on peace prospects was also identified in the Sudan CPE: “The drastic reduction in state revenue in both North and South due to the falling price of oil has given both Governments an increased incentive to reduce their armed forces payroll, but the worsened economic conditions also make voluntary reintegration of former combatants more difficult”.

**Box 5. Sequencing and Prioritisation in post-conflict countries**

Balancing short-term stabilisation with longer-term reforms received particular attention in post-conflict countries. A prioritising and sequencing paper<sup>43</sup> drafted in advance of DFID's support in DRC after the 2006 elections stresses that establishing basic security – i.e. the absence of widespread violence – is a precondition for most other things. The then Secretary of State, Hilary Benn, supported a similar conclusion in response to the DFID country office's submission of a new country strategy paper, saying that, “*since a return to conflict in DRC would undermine everything else, stabilisation should be the No. 1 priority.*”

DFID in Sierra Leone, Nepal, and DRC all supported short-term stabilisation initiatives – many linked to UN peacekeeping missions. This typically entailed peacekeeping, DDR, elections, facilitating the return of refugees, as well as selected humanitarian or reconstruction projects.

Prioritising sectors has proved more difficult, because of the huge reconstruction needs and weak or still undefined donor presence in post-conflict countries. For example, in Sierra Leone, DFID prioritised security and state-building over social service delivery from 2001 to 2005, on the assumption that other donors would be better placed to support social services. DFID's thinking subsequently changed, partly under the influence of HM Treasury, to promote a model of intervention in which service delivery should accompany security and state building from the outset.

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<sup>43</sup> DFID 2006, “Peace-building: What to do first when everything is urgent: some Lessons of Experience on priorities and sequencing”

## Chapter 5. Focus on state-building

5.1. This chapter looks at DFID's approach to state-building, and reviews performance in DFID's support for state, civil society and public institutions capacity.

### 5.1. State-building and service delivery

5.2. DFID's overall approach to development, and in particular service delivery, is largely 'state-centric'. As noted in the Ethiopia report, this approach remains appropriate in countries where the government has been identified as the organisation by which to deliver basic services with a nationwide coverage. Yet the capacity of the state to deliver services in Ethiopia remains exceptional: in most fragile countries, the state has little capacity to provide basic services nationwide without the private sector and NGOs contributing.

5.3. When dealing with fragile and vulnerable situations, the main dilemma for DFID has been to manage the tension between directly providing service delivery to the poor and building the capacity of the state to do so. In DRC, for example, DFID has endeavoured simultaneously to fund humanitarian assistance and community-led reconstruction projects, and work with the executive branch of the government on policy and implementation (education, roads, and decentralisation). The answer has often been to rely on non-state delivery and humanitarian support as a transitional approach while state regulated, contracted or direct delivery is revived.

5.4. Humanitarian assistance continues to amount to a significant proportion of DFID spending in post-conflict and conflict-prone situation<sup>44</sup>. Where fighting and human rights abuses by all warring parties (including government) continue, humanitarian agencies are guided in their operations by the principles of humanity, impartiality, neutrality and independence. Their ability to operate without external interference and without being associated with military and/or political agendas is deemed essential. Consequently, humanitarian assistance – and with it, direct service delivery to the poor, tends to be disconnected from national development strategies.

5.5. DFID has tried to link direct service delivery to the poor with state building in a number of ways. In countries like DRC, Sierra Leone, and Sudan, DFID has supported INGOs-managed post-conflict recovery projects. These multi-annual projects seek to support post-conflict recovery through service delivery, but with some degree of either building local institutions or advocacy. Box 6 discusses in more detail Sudan's Basic Services Facility (BSF), established in 2006.

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<sup>44</sup> For the nine countries, humanitarian aid represents 27% of DFID bilateral assistance (Annex 1, Table 3), but this masks wide variation, from 74% of total aid in Sudan to 2-3% in Cambodia and Sierra Leone.

### Box 6. Linking humanitarian with development: Basic Services Fund in Sudan

DFID have strongly advocated reducing humanitarian spend in the South by scaling up spending on recovery and development. Recognising that it would take time for the MDTF to take up the challenge, DFID developed the basic services fund. This is managed by a private sector contractor reporting to a GOSS-chaired committee, and provides support to NGOs to invest in education, health and water supply. It has been very positively evaluated, and by common consent has the best project management of any of the schemes we looked at, has attracted additional funding from other bilaterals, and has begun to undertake useful capacity building work as part of the project support it provides. DFID had intended BSF to be a temporary mechanism, and propose to close the scheme in 2010 as the new Sudan Recovery Fund expands. However, with so few examples of success, and such difficulty at start up of new schemes, the arguments for building on and expanding the BSF are strong.

Source: DFID CPE Sudan

- 5.6. Attempts to involve central government in the provision of emergency services (including food security) in countries where some capacity and/or will exist have also shown some promising results. Countries like Yemen and Ethiopia typically face situations of ‘protracted emergency’, in which the distinction between humanitarian and development becomes blurred. In such contexts, the government-led joint donor programme, Productive Safety Net Programme, in Ethiopia, has helped to provide a more sustainable and predictable way of addressing chronic food insecurity in the country, after two decades of emergency appeals.
- 5.7. Even then, caution has been recommended in countries where government commitment to social equity is in doubt (Ethiopia) or where the capacity to act fast remains limited. In Pakistan, DFID provided budget support to the government’s Earthquake Relief and Rehabilitation Agency (ERRA) following the 2005 earthquake. ERRA’s disbursement of funds was very slow in the first two years, and the CPE judged that a conventional mix of NGO, multilateral and technical assistance (TA) support would have been more effective in ensuring more rapid disbursement and more accountability.
- 5.8. Perhaps DFID’s worse performing intervention in involving central government in service delivery is Afghanistan Stabilisation Programme (ASP), which the CPE rated as highly ineffective. One of the largest DFID programmes, ASP aimed to “*to establish basic security and good governance in the districts and provinces of Afghanistan, through well-sequenced and coordinated developmental intervention focusing on security, governance and reconstruction*”. DFID supported the governance and reconstruction component from 2004. In 2007, DFID took appropriate steps to end its support to ASP, after it became clear that the programme was poorly defined and over-ambitious in its aim. Weaknesses included poor outreach to the regions, slow progress, lack of transparency and accountability and poor coordination and consultation with stakeholders by the Ministry of Interior, the Ministry responsible for delivery.

## 5.2. Focus on accountability

- 5.9. The fragility of the state – and low level of accountability and responsiveness in particular – has led DFID to recognise the need to work with a wider range of state and non-state actors when promoting governance in fragile and non-fragile states alike. As a result, all DFID countries studied (though less so in Afghanistan and Yemen) have developed increasingly elaborate programmes to support the demand side of governance through the lens of accountability. In Sierra Leone, there was a welcome shift in strategic focus over the evaluation period, with a greater emphasis on strengthening external

accountability, mainly through work with parliament, civil society and the media. Similarly, in Nepal, the balance of the programme shifted from working on the ‘supply’ side (such as public finance management) to more ‘demand-side’ activities (such as support to ethnic organisations, to anti-corruption awareness and to the media).

- 5.10. In other countries, accountability processes has been mainstreamed in support of specific sectors. For example, in DRC, DFID supports accountability as part of SSR at a variety of levels, including externally, through national and provincial parliaments; with civil society, academia and the media and internally through increasing transparency, efficiency and effectiveness of the budget and working with the sector to improve professional conduct by developing the capacity of internal mechanisms to address impunity and human rights abuses. Examples of DFID support for civil society and public institutions are given in the following sections.

### 5.3. Public sector

- 5.11. DFID typically used capacity building programmes to support **public sector reforms**. The majority of capacity building programmes were deemed over-ambitious in their scope, given the limited capacity and ownership of the implementing bureaucracy. In turn, political will was identified as the largest contributing factor to successful DFID-funded programmes dealing with public sector reforms. For example, the majority of the programmes in Cambodia performed relatively well, with impact related to change in government and practice. In budget-support countries, progress in Public Finance Management (PFM) reforms – a pre-requisite for budget support – was slow, but steady. By contrast, the Enabling the State programme in Nepal was deemed too broad and ambitious and, on the supply side, was affected by political volatility and weak government commitment to reform.
- 5.12. There have been better results around **service delivery** in different sectors including health, education, water and sanitation. In Ethiopia, DFID, alongside other donors, complemented budget support (through PBS) with additional support to key Ministries. For example, PBS Component 2 was set up to help an under-funded health system, by providing earmarked funding for essential commodities, such as vaccines, contraceptives and anti-malaria bednets. Notable progress was also recorded in the health sector in Pakistan and Cambodia, owing to stronger measurement systems, effective introduction of sector wide approaches and DFID’s longer sustained engagement in the sector.
- 5.13. The CPEs reviewed note that DFID often uses **technical assistance** (TA) to assist reform work in key central ministries, and to build capacity in donor partners. In a fragile state setting, TA provides a rapid and flexible means of supporting new initiatives or strengthening weak government departments. Much of the TA assessed in the CPEs is regarded as of high quality; however, there is limited evidence over the sustainability of results and the effectiveness of TA for long-term capacity building.
- 5.14. In Sierra Leone, the CPE report states (para 4.12) that *‘heavy reliance on TA and topping up of salaries in the absence of a clear and wider civil service reform has only reinforced the aid dependency’*. In Afghanistan, TA did not automatically equate to capacity development, even if training is included. DFID has ‘under-analysed’ the value-added of TA compared to other aid instruments. Looking at the broader canvas of massive TA inputs by all donors – \$1.6 billion since 2002 – the impact has been questioned. Elsewhere,

insufficient consultation with Government has resulted in sometimes inappropriate TA placements, and the CPEs note that TA placement is better when it is more client-led.

- 5.15. Positive results however have followed from providing TA in a complementary way to other instruments such as budget support, and in areas where DFID has a strong record in sourcing particular expertise. In Afghanistan, DFID was able to respond quickly to local needs and provide high-quality, early TA; for example to the telecommunications sector which helped build high levels of investment and mobile phone usage. Several examples exist of effective TA in public sector reform especially tax and financial reform.

**Box 7. DFID's understanding of political economy.**

DFID's analytical work has supported its understanding of the political economy in fragile states. Although drivers of change studies and governance assessments depict different situations, most share a common diagnosis: that the scope for (external influencing in support of) pro-poor change tends to be limited in countries characterised by informal mechanisms, corruption, the absence of rule of law, patronage systems etc.

Yet this analysis has not been used to shape DFID's programmes. As summarised in the Sierra Leone CPE report, *"Good work has been done in Sierra Leone and other countries to analyse the political economy of change. But as the situation here has shown, country office staff lack the tools and approaches to use that analysis to improve programme design and dialogue with government."*

These programmes have also overlooked the power relationships that they may reinforce. For example, the Ethiopia CPE notes that *"DFID's analysis of the country's socio-political fabric did not translate into an assessment of the impact that the political economy may have on the effectiveness of specific programmes, with the risk that only some sections of the population may benefit, further marginalising vulnerable groups."*

Consequently, most governance programmes in fragile states were set over-ambitious targets that then led to low performance during implementation. As noted in Yemen and Afghanistan CPEs, there has been a tendency to acknowledge government weaknesses as main risks within programmes, only to express this again as a reason for weak programme performance.

- 5.16. DFID Ethiopia effectively used TA strategic inputs alongside the increased use of programmatic instruments. For example, DFID made good use of short-term TA to inform the design of the government's Public Sector Capacity Building Programme.

## 5.4. Civil society

- 5.17. Most DFID country offices except Afghanistan have aimed to support the capacity of indigenous civil society organisations (CSOs) to hold their governments to account. None have met their strategic targets. At the time of completing the CPE report, the civil society interventions were only getting off the ground in Cambodia. In Ethiopia, the delays in launching the Civil Society Strategic Partnership (CSSP) and limited scope of PBS component 4 – the civil society window of the PBS<sup>45</sup> – also reduced the effectiveness of DFID's governance strategy.

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<sup>45</sup> The 12 pilot projects recently launched under PBS Component 4 appear insignificant in comparison to the PBS goal of contributing to service delivery through additional block grant resources to all *woredas* (over 700).



- 5.18. Most of the DFID-funded small bilateral projects with CSOs performed relatively well. In addition to media support, advocacy and monitoring activities around elections, this included civil society participation in PRSPs in DRC and Sierra Leone; livelihood empowerment projects in Nepal; and human rights reporting and policy work under the Partnership Fund in Ethiopia.
- 5.19. DFID's plans to support larger civil society programmes was appropriate. Collectively, the impact of bilateral civil society projects has remained negligible compared to the overall need of their respective countries. In addition, the cost of administrating these projects has not matched DFID's internal 'doing more with less' agenda. Most local CSOs have low absorption capacity and rely on small grants for their funding, whereas DFID's internal agenda has reduced DFID's capacity to manage separate civil society projects.
- 5.20. Two possible support mechanisms have been put forward in fragile states, one involving working through international NGOs, the other involving a pooled funding mechanism with other donors. The first model has led to mixed performance, whereas the second model has been time consuming to develop. At the time of completing the CPEs, the CSSP in Ethiopia and the Civil Society Support Fund in DRC<sup>46</sup> had not begun.
- 5.21. Concerning the model of working through INGOs, Sierra Leone's ENCISS, which is managed by Care International Sierra Leone, received mixed review in the CPE Sierra Leone. This programme was subsequently renewed in 2008, after an independent evaluation report concluded, amongst others, that "ENCISS has created a much-needed platform for engagement between the civil society and various arms of the government".
- 5.22. In Cambodia, the model of franchising civil society mobilisation through international NGOs in the Multi-Donor Livelihood Facility (MDLF) was seen as largely ineffective, in part because of the lack of understanding of the issues by INGOs. As a result, the civil society programme suffered continuous delays, with the CPE report concluding that the model of franchising civil society mobilisation through international NGOs has left the MDLF too far removed from the interventions.
- 5.23. CPEs have warned that working through others will stop DFID country offices from having direct contact with CSOs, whereas their projects have in the past had a particular added value in providing an important lens on what is happening at local level. The same is said about DFID's partnership with INGOs.
- 5.24. Some CPEs have questioned the role that civil society can actually play in holding governments to account. What civil society can achieve in accountability gains has been over-estimated. Civil society organisations that operate in fragile states often face intimidation. Government mistrust in some countries, most notoriously Ethiopia, where the "space" in policy dialogue for CSOs has reduced significantly<sup>47</sup>, can hinder their activities. In addition, CSOs can be themselves heavily politicised, opportunistic, and

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<sup>46</sup> DFID has earmarked a £2.5m contribution over three years to support civil society advocacy activities under the UNDP Governance Programme. While still sitting with the UNDP, this programme will be administered by a management agent.

<sup>47</sup> Despite strong lobbying by donors, including DFID, a restrictive civil society bill was passed in January 2009.

(outside religious networks) lack representativeness in their respective countries. Their mandate and governance arrangements therefore call for greater scrutiny.

- 5.25. CPEs provide practical examples: In Pakistan, Citizens Community Boards supported by DFID helped towards community mobilisation. They nonetheless remained largely ineffective in holding local councils to account. In some cases, they were found to be unrepresentative and corrupt (representing commercial or other interests, such as construction companies). In DRC, the extent to which network organisations, such as Pact (a US-based INGO, which receives substantial funding from United States Agency for International Development (USAID)) in the mining sector and the Réseau Ressources Naturelles in the forestry sector (the Réseau received DFID funding to support consultations on the CBFF) truly represent the interest of the indigenous population was hard to assess.

## **5.5. Public institutions**

- 5.26. DFID's governance strategies in fragile and non-fragile states alike have broadened DFID's support (direct and indirect) to public institutions, whose role is to hold the central government to account. Many of these institutions were typically set up as part of the new democratic, constitutional regimes, supported by the international community, in fragile states.
- 5.27. DFID Sierra Leone supported the Anti-Corruption Commission (ACC) from 2001. Even though the central government placed the fight against corruption high on the agenda, this approach proved largely ineffective and politically sensitive. In terms of results, there is little evidence that the ACC had a significant impact upon the levels of corruption reported. The CPE concludes that DFID Sierra Leone needed to "*develop a more broad-based and politically sensitive approach for fighting corruption with a stronger emphasis on tackling the effects on poor people*". DFID Sierra Leone also aimed to provide capacity building for newly-formed Parliamentary Committees. The project was eventually cancelled, once it became clear that there was insufficient support from key stakeholders within Parliament, across all party lines.
- 5.28. In DRC, DFID funded the UNDP Assistance aux Institutions de Transition (AIT) programme during the transition. This programme provided capacity building to the parliament, senate and five civic commissions<sup>48</sup>, including the Commission d'Ethique et de Lutte contre la Corruption (CELC) and Hautes Autorités des Médias (HAM), to which DFID provided complementary, direct technical assistance. There were also plans to provide core funding to these institutions, should they perform well.
- 5.29. The UNDP AIT programme performed relatively well, but DFID's direct support to the CELC was a frustrating process and achieved little. Although results cannot be entirely attributed to the UNDP-led AIT project, most transition institutions were able to develop their legal framework and management tools. Some institutions, namely the Transition Parliament, the Commission Electorale Indépendante and HAM, received more funding than others. Even then, activities financed by the UNDP AIT programme were limited to certain aspects of their mandates. For example, the parliament received

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<sup>48</sup> Commission Electorale Indépendante, la Haute Autorité des Médias, l'Observatoire Nationale des Droits de l'Homme, la Commission Vérité et Réconciliation, la Commission d'Ethique et de Lutte contre la Corruption.

significant capacity building for the drafting of the laws but received little support for the check and balance role that it was meant to play during the transition. DFID recognised these limitations and concludes that the AIT project has helped restore state functioning, but that a lot more needs to be done to strengthen democratic functioning of the supported institutions.

- 5.30. In DRC, DFID does not plan to have direct contact with the organisations that it supports under the UNDP Governance Programme. This is a departure from previous interventions, in which DFID provided complementary assistance to the CELC and HMA. Although working through a UN agency makes sense in terms of risk (the UNDP being seen as politically neutral), the CPE warns that *“unless DFID can gain practical experience working with check-and-balance institutions, DFID’s knowledge of governance issues and how to address them in a country like DRC will remain limited and its comparative advantage in this area probably weak”*.
- 5.31. The Democratic Institution Programme (DIP) in Ethiopia had not started at the time of completing the CPE. Yet the conception of this programme provides a valuable insight of the limitations of such programmes in a non-conducive political environment. DFID Ethiopia and other contributing donors have focused on strengthening the capacity of these institutions, with the implicit assumption that better capacity and professionalism will automatically lead to greater accountability and responsiveness. Yet there is little evidence to show that this kind of support can indeed help to change behaviour.
- 5.32. While rightly opportunistic, this approach does not take into account the full picture; while laws and regulations secure the independence of these institutions on paper, the choice of their directors and personnel largely reflect their loyalty to the ruling party. The heads of the democratic institutions are hence unlikely to hold the government to account in the short term. This is all the more so because the DIP is managed through the National Executive, with the Ministry of Finance and Economic Development (MoFED) retaining a tight grip on these institutions. The same lesson can be drawn from the above experience in Sierra Leone and DRC.
- 5.33. In conclusion, scaling up support for host countries’ partners outside government has been difficult because of the lack of viable partners with sufficient capacity. As a result, DFID spending has been biased in favour of the government. The CPE in Pakistan shows, for example, that the proportion of government-related expenditures rose from 50% to over 90% from 2001 to 2006. The CPE report in Ethiopia concludes that *“despite DFID’s commitment to provide support to democratic institutions, public sector, and civil society on an equal basis, there has been a disparity between the resources earmarked for the government and those allocated for democratic institutions and civil society”*. This, combined with frequently over-ambitious programmes on the supply side of governance, has led to lower-than-expected achievements in DFID’s governance strategies. Attempts to scale up support for civil society have been met with mixed success, whereas support to public institutions have yet to show it can be effective in enhancing government accountability.

## 5.6. Addressing Gender in Fragile States

- 5.34. DFID has a strong corporate commitment to improving gender equality throughout its programmes and across the organisation<sup>49</sup>. In general however the picture on integration

<sup>49</sup> Gender Equality Action Plan, 2006–2009, DFID, Dec 2006

of gender issues (as well as social exclusion) has been weak across the countries reviewed. In three, DFID's record is quite bleak. In Sierra Leone, Sudan and Afghanistan, the issue of gender is barely mentioned in strategy papers, and there are few gender-related interventions in the portfolio and no mainstreaming. The CPEs argue that though gender is seen as important, other priorities – such as the peace process in Sudan – are given more prominence.

*“It is nevertheless arguable that the key DFID policy document might have been expected to say a little more about how issues of inequality and social exclusion would be addressed through the aid programme, and a little more about issues of social protection and the consequences of past abuse in a country where rape has been a major weapon in the conflict” (Sudan CPE)*

- 5.35. Elsewhere the record is slightly better, though still mixed and better around doing analysis and declaring commitment to gender than in fully exploiting opportunities or mainstreaming across the whole programme. In Cambodia, where an assessment and an audit of gender were done in 2007 and 2008, but this is yet to be transferred across to programmes, and there was no mainstreaming strategy in place. In DRC, DFID addressed gender access in primary education; reduced sexual violence against women, children, and men; and gender equity in political representation and during elections. Ethiopia too was judged to have done reasonably well to analyse and conduct activities around gender, and two thirds of a sample of 21 programmes addressed gender, although more entry points still needed to be identified. In Nepal, gender was given attention in the strategy though the response was then merged with a broader social inclusion agenda and activities were somewhat ad hoc. However, a joint publication with the World Bank in 2007, the Gender and Social Exclusion Assessment, proved seminal in its influence in identifying poverty and social exclusion links, and has had substantial impact. In Pakistan, deep rooted gender inequality was recognised and addressed through specific programmes (60% of a sample of 32 projects referred to gender). Finally, in Yemen some efforts to address gender are found in education and in monitoring around the PRSP, but otherwise it is not firmly addressed.
- 5.36. The links between the natural environment and state fragility are numerous and complex. DFID has in some occasions focused on natural resources that fuel the conflict (DRC (mining) and Afghanistan (counter-narcotics)). Although environmental issues have mostly been covered at project level, climate change is also to be addressed in future programmes, including in Ethiopia.

## Chapter 6. Partnerships

6.1. In this chapter, we look at DFID's performance in partnership with the host government, with other donors and across Whitehall.

### 6.1. Partnership working with the host government

6.2. In line with DFID's 2005 Policy Paper (2005a), DFID country offices have sustained their efforts to establish a partnership with the host government – even where they could not support the government directly or when the international community was challenging the government over sensitive issues.

#### 6.1.1 Policy dialogue

6.3. DFID's policy dialogue with central government has overall been effective at a technical level, with numerous examples demonstrating DFID's ability to influence the country's development agenda. All country offices managed to develop a close partnership with central governments, although the language barrier and lack of familiarity with the Francophone systems were identified as an obstacle in DRC. This involved good access to Line Ministries, with DFID advisers establishing effective relationships with their permanent secretaries and equivalent senior civil servants, and more often than not, with Ministers.

6.4. However, DFID has often relied too heavily on selected individuals within the government. In Sierra Leone, it was noted that DFID's relationship with central government had not extended beyond a few key actors close to the Vice President. In some cases, like Nepal, champions have been hard to find. The original intention to work closely with Government on the Enabling State Programme proved difficult as no clear partner office could be identified, the Prime Minister's Office being regarded as 'dysfunctional'.

6.5. Sustaining high-level policy dialogue has also been challenging. In line with the conditionality paper, DFID country offices have applied as far as possible the partnership principles. Development Partnership Arrangements (DPAs) or Memoranda of Understanding (MoU) were signed between the UK and host governments in five out of nine countries, namely Sierra Leone, Ethiopia, Pakistan, Yemen and Afghanistan. As well as providing important signals of HMG's commitment to dialogue, transparency, predictability, and accountability, these partnership agreements were seen as important tools for managing risk in countries where government commitment to human rights, sound public finance, and/or poverty reduction was considered weak.

6.6. These 10-year agreements are judged as a model of good donor behaviour (by both donors and by Government agencies in Pakistan). DFID regarded DPAs as a means to deepen its political engagement, to scale up its commitment and improve aid effectiveness. In general, DPAs have been judged as relevant and an important signal of the UK's long term commitment in a fragile context, as well as important mechanisms in otherwise often fragmented and uncoordinated aid environments.

6.7. Weaknesses in DPAs relate to a lack of agreed monitoring mechanisms in Afghanistan, although this is better addressed in Yemen. While the broad scope of these arrangements allowed DFID to include indicators in more sensitive areas such as human rights,

reluctance on the part of the host government to accept these resulted in delays in completing the arrangement in Pakistan. Moreover, in a situation like Pakistan where the Government was already committed to poverty reduction through a PRSP, and where other large donors provided un-earmarked aid, the CPE judged that more targeted sector budget support or even stand alone DFID programmes would have been more relevant, since the challenge is not only to increase pro-poor spend but make the quality and use of funds more effective in key sectors. In Ethiopia, too, the MOU signed in 2003, while based on sound analysis and with high hopes that it would provide a sound framework for UK-Government of Ethiopia aid relations, proved inadequate to support constructive dialogue at a time of crisis in 2005, when elections led to violence and a breach of the Government's commitments to human rights<sup>50</sup>. In Sierra Leone, the objective outlined in the 2003 MOU of a genuine partnership between HMG and the Government of Sierra Leone (GoSL), in terms of expectations and conditionality and with mutual accountability, has likewise not been achieved.

- 6.8. It is worth noting that DPAs are arrangements between the host and UK government – and that despite their commitment to governance, DFID country offices usually agree that FCO take the lead on dialogue over politically-sensitive issues. In DRC, the UK was represented in the Comité d'Accompagnement de la Transition (CIAT), alongside Belgium, France, South Africa, the United States, and the EU. This proved an effective platform for dialogue with the transition government. Yet, dialogue on governance issues with legitimate governments can be more difficult. This remains the case in Ethiopia, despite the multi-donor setting and establishment of a governance matrix.
- 6.9. Where DPAs (or their equivalent) do not exist, as in Sudan, DFID has had to operate in different ways, including through the Joint Donor Office, an arrangement that, while it improved donor coordination and coherence, also reduced DFID's ability to work bilaterally with a new Government. DFID's support to the peace process guided its strategic engagement with both the national government and the government in the south. In the south, severe capacity constraints in the new government and a deeply instilled military mindset limited the extent that a partnership built around recovery or development could be developed, while difficult relations in the north limited discussion of partnerships or of policy influencing work.
- 6.10. In conclusion, DFID's leverage on "difficult" partnerships remains limited, beyond the recourse of withdrawing its support to the government. Even then, DFID country offices have been keen to resume their support with governments, as was the case with budget support in Ethiopia and Sierra Leone. DPAs have provided a useful political signal of commitment but where they are used there needs to be stronger in country agreement with host governments around measurable progress on governance.

### **6.1.2 Level of engagement**

- 6.11. A number of CPEs have questioned whether working at central level (in countries where the bulk of the population live in rural areas) is sufficient in fragile states and situations. Despite contributing to decentralisation programmes in all countries but Yemen, DFID country offices have worked exclusively through the central governments

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<sup>50</sup> See Box 1 in the Ethiopia CPE

and, with the exception of Pakistan, have not developed a structured relationship with local governments.

- 6.12. Working through central governments can be appropriate and effective: in Cambodia, the Partnership for Local Governance and Project to Support Democratic Development (PSDD) was instrumental in supporting local government reforms. Through this channel, DFID was amongst the most active donors encouraging the government to implement legislative changes to empower local government.
- 6.13. Elsewhere, DFID was said to rely too heavily on information from the centre to develop its own understanding of sub-national governance issues. This lack of access to local government representatives outside the capital city was identified as a significant weakness in Afghanistan and in federal Ethiopia. Consequently, the CPE Ethiopia makes the following recommendation:

*“DFID Ethiopia should explore the options to develop a ‘special relationship’ with a particular region, such as through a regional intervention. Although this may create some additional workload, the challenge would be to find an innovative way to complement the dominant emphasis across the programme of working with federal government systems”.*

- 6.14. In Pakistan, DFID built direct relationships with the Punjab Government, with the Punjab Government officials reporting that the most successful DFID investment has been the long history of support to Faisalabad through the Upgrading and later the Faisalabad Devolution Programme. At the same time, Pakistan CPE report comments that the choice of provinces was not convincingly analysed or defended. Overall, though, the CPE evidence points to the need to balance central reform work with greater engagement at the sub-national level in order to be better informed about local service delivery, to align with decentralisation agendas where they exist, and to complement reform work at central level.

## **6.2. Partnership working through other donors**

- 6.15. Working more effectively with and through other donors brings well known challenges, many of which can also be found in non-fragile countries, such as different capacities, reporting timetables and speed of delivery. But working in fragile countries can place greater strains on working together, where acting fast is required and where DFID is often working with partners with weaker on-the-ground capacity and/or different stances on political issues such as human rights.
- 6.16. DFID has been comfortable in taking the lead where necessary (as in Sudan), but also to working in the background (as in Cambodia). In either event, DFID was regarded as a pro-active agency, and as influential in donor working groups and other fora. The evidence from the CPEs studied is that by working through others and moving towards large joint programmes DFID has, in general, increased its reputation as an influential and well respected partner.
- 6.17. DFID’s model of working through other donors was sometimes over-ambitious. In DRC, it took a great deal of work and time from DFID and other donors to build effective aid cooperation. The huge size of the country combined with weak government leadership were additional constraints that hindered progress. In Yemen,

DFID was found to have relied too heavily on other partners who themselves had weak capacity.

### 6.2.1 Acting as a bridge

- 6.18. DFID's local presence, funding weight and history of relations with both multilaterals and bilateral donors has allowed it to play a go-between or catalytic role (in Afghanistan, Nepal, Cambodia and Yemen). It led on applying the piloting of OECD fragile state principles in Yemen and Nepal, and is seen as more willing than some other donors to engage host governments in sensitive areas such as human rights and governance.
- 6.19. In Nepal, DFID's strong local presence, funding weight and therefore its influence, allowed it to play a valuable bridging role between the international financial institutions and the European bilaterals, particularly when views diverged over sensitive issues such as the response to the King Gyanendra's take-over in 2005. An early DAC review of DFID's work noted that: 'Collaborating with other donors is a particular aim for DFID Nepal and these efforts are widely appreciated. DFID is seen as being interested in forming partnerships...and seen as able to take a leadership role, when requested and appropriate, and ready to take up sensitive issues such as human rights and governance'<sup>51</sup>.
- 6.20. In Ethiopia, too, almost all partners identified DFID as a visible and strong leader on the Paris Declaration, acting as a moderator between different donor interests. DFID has played a major role, as member, chair and co-chair of the Govt. of Ethiopia - Donor Steering Committee, in taking the lead to convince the donors to participate and use government systems.

### 6.2.2 Strengthening the role of multilaterals

- 6.21. DFID emphasises in its two recent White Papers the importance of strengthening multilaterals, especially in building their ability to work in fragile settings. There are some examples of DFID explicitly aiming to build capacity and support reform processes within multilaterals through the bilateral programme in countries where large proportions of DFID's spend were channelled through them in joint or pooled funding. In Sudan and DRC, the DFID Secretary of State in a speech in 2005 committed the UK to strengthen the humanitarian system, particularly the UN, and proposed six elements of reform<sup>52</sup>.
- 6.22. There does, however, seem to be an issue over what the agreed objectives were for DFID's support to multilaterals, or at least a difference between stated corporate objectives<sup>53</sup> and those pursued at country level. DFID may have been keen to pursue reforms in the supported agency, but the provision of expertise was often regarded as just gap-filling, and there may not have been sufficient analysis of how the secondments or provision of advisers would truly support wider capacity building. Such considerations are especially important in a fragile state setting where donors are not strongly coordinated and may tend to react differently to sensitive issues and to how they work in

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<sup>51</sup> DAC peer review, 2001

<sup>52</sup> <http://www.dfid.gov.uk/news/files/Speeches/bennaidssystemreform.asp>

<sup>53</sup> As expressed in the Institutional Strategy Papers prepared for DFID's major aid partners.



conflict or post-conflict situations. DFID's experience with four partners is discussed here (UN, WB, IMF and the regional banks).

- 6.23. United Nations: The CPEs studied note the difficulties of working with the UN, and particularly with UNDP in terms of frustration over promoting reform; and using the UN as a managing or implementing agent. DFID was conscious of the risk in several instances (identifying UNDP management as a risk in the Yemen PFM programme). However, the underlying problem seems to have been with expectations, with DFID being interested in building a partnership, while UNDP and other UN agencies expected more of a subcontracting approach (as in Cambodia). Often UNDP saw the projects as UNDP projects funded by DFID rather than DFID projects implemented by the UN. A further weakness identified by the Yemen CPE has been the lack of appeal mechanisms to higher authorities: DFID was unable to get much support from the UN in New York over recurring problems in the partnership in Yemen. In Afghanistan, DFID's experience with the United Nations Assistance Mission to Afghanistan (UNAMA) was 'disappointing' as was UNDP's management of the counter narcotics funds. In Sudan, "*there is a general pattern of low ratings for DFID support via UNDP*".
- 6.24. In Cambodia, a more positive experience was recorded with the United Nations Children Fund (UNICEF) - managed Water and Sanitation Programme. This was implemented in line with the UNICEF-DFID global framework, and the risks mitigated through an appraisal by DFID and the concerned ministry. Agreement over a shared vision (partnership principles, shared expectations) and the careful delineation of roles resulted in a more stable relationship. A similar experience occurred in DRC and Sierra Leone in the same sector.
- 6.25. A positive experience and one highly relevant to fragile states is the support for United Nations High Commissioner for Refugees (UNHCR) in Nepal, where DFID's funding of a senior human rights advisor to the UN in 2004-05 was instrumental in paving the way for a full United Nations Office of the High Commissioner for Human Rights (UNOCHR) mission. The presence of this Office was felt to have prevented the use of state violence against people following the King's takeover. DFID's approach to UN reform in Nepal has been ambitious, with a combination of dialogue and funding of peacebuilding, human rights, decentralisation and food security. While the UN has been effective in these areas, in terms of UN reform, there has been slow progress.
- 6.26. World Bank: DFID has achieved strong partnerships with the Bank in most of the CPE countries, and has supported local capacity, undertaken joint analysis, and co-funded many important programmes as well as developing budget support approaches. It is not so evident that DFID either sought or achieved strong results at country programme level on its World Bank reform agenda. The Bank has regarded DFID as a valuable partner, but has tended to play the dominant role whether in terms of funding, analysis or staff. DFID, being willing to take greater risks, and through having faster, more flexible funding mechanisms, has been a welcome ally. In smaller countries, where the World Bank did not have a local office, DFID has taken a proactive role to provide seconded staff or TA in Yemen, but has been frustrated when working on harmonisation when key decisions are taken by task managers in Washington rather than in-country. The most positive case, in Cambodia, has seen DFID prepared to confront and challenge the World Bank: influencing the poverty content and encouraging wider donor participation in pooled arrangements. On the other hand in Sudan, DFID was frustrated

by the Bank's lack of leadership and overly procedural approach in the management of the MDTF.

- 6.27. International Monetary Fund (IMF): While DFID has regularly used IMF analysis to support its assessment of risk and use of budget support (such as in Pakistan), it has been less effective in helping the IMF to adjust its approach in fragile states. While DFID's policy is to push the IMF to incorporate assessments of conflict issues into its lending programmes, the IMF programme in Afghanistan remained similar to any other in a post-conflict country and the important and obvious potential links for example between taxation and state building (an area to which DFID was committed) were not explored or exploited<sup>54</sup>.
- 6.28. Regional Banks: Although not as closely linked as DFID was to the World Bank, DFID has sought and achieved some progress in aid effectiveness with the regional banks (African and Asian Development Banks), in terms of joint analysis, close strategic links and pooled funding. In Ethiopia, there has been some progress in supporting the African Development Bank (AfDB) to extend its use of government mechanisms and common funding. A potentially positive partnership has emerged between DFID and the Islamic Development Bank in Yemen over a new water and sanitation programme in one of the poorest areas of the south.
- 6.29. On the other hand there have been some tensions. The large volume of budget support provided by DFID to the government of Pakistan was felt by the Asian Development Bank (ADB) to have restricted the government's appetite for its loans. DFID sought links in joint programming and analysis with the ADB, and the provision of a poverty specialist to the ADB in 2004-06 led to improved poverty analysis, but there has been limited follow up and the Poverty Unit that was set up did not continue. These linkages did however provide a degree of leverage when DFID sought to pursue reforms in ADB HQ in Manila at board level.
- 6.30. Gaps in the practical guidance for dealing with the risk involved in working through other donors were noted in Ethiopia, as well as the need to mitigate the risk in a systematic manner through more regular institutional appraisal. Although overarching tools for working with other development partners, such as the Multilateral Effectiveness Framework, exist at the DFID HQ level, practical guidance hardly exists at country level. Specific case studies and examples of best practices and pitfalls to avoid in how to manage risks at country level would help to resolve this.

### **6.2.3 Working mainly with the 'usual partners'**

- 6.31. DFID has been poor at establishing relationships with non-traditional partners. DFID prefers to operate with the World Bank, other regional banks, the UN and like-minded bilaterals (such as the Netherlands and Nordic countries). Perhaps in insecure environments working with known partners reduces one area amongst a set of many risks. DFID could, however, be bolder in reaching out to new partners, or those with particular relevance in a given country. This has been demonstrated in DRC, where DFID has made important linkages with Belgium, China (in roads), France (in media)

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<sup>54</sup> Afghanistan CPE, para 3.71

and with South Africa (in police reform), and also with the Islamic Development Bank in Yemen.

6.32. In general “*At country level DFID does not have a consistent and thorough approach to assessment of the relative strengths and weaknesses of different potential partners*”<sup>55</sup>. This may be one reason why DFID has found it hard to influence important, larger aid partners who are less autonomous in terms of their independence from their own governments’ foreign policy remit. Thus, USAID, though a major aid donor in several countries, especially in Afghanistan, has less flexibility to provide predictable multi-year aid or commit to aid effectiveness principles because of its close links to the US Department of State. The European Commission has also been difficult to harmonise with given its complex rules and often slower pace of operation, though joint funding has been widely pursued between DFID and the EC. The exception is in Sierra Leone where in 2006 EC and DFID developed a joint strategy. This though was judged to be “*more a statement of intent as it neither prioritises between the areas of strategic focus, nor includes a clear explanation of what funds would be allocated to which areas although it does articulate the shift in programming from the security sector to basic services*”<sup>56</sup>.

6.33. China and India have remained to a large extent beyond DFID’s influence, even where as in Nepal and Pakistan, they are important neighbours. China as a growing and important actor in most of the fragile states reviewed merits much greater attention because of its different approach to governance issues and aid strategy<sup>57</sup>. Even Japan has remained largely independent of DFID’s efforts to build partnerships, largely because of the different policies of engagement with host governments and domestic restrictions in use of their aid. Yet these countries may have greater leverage and comparative advantages for historical reasons or through regional and strategic interests.

### 6.3. Working with other UK Departments

6.34. There is a strong record of cooperation between DFID and FCO on analysis in the countries evaluated. DFID regards the FCO as leading on political analysis while DFID has provided both economic and more recent conflict analysis. This is perhaps best captured in the Joint Sudan Unit, which brought together FCO and DFID roles, and won an award for joined up government. Even so, the CPE was rather critical of its early role when it tended to be driven by political and media pressures in the UK rather than development priorities, a situation that was only resolved when a senior DFID manager was appointed to the field with greater delegated authority.

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<sup>55</sup> NAO, op.cit.

<sup>56</sup> Sierra Leone CPE, para 3.8

<sup>57</sup> DFID acknowledges that “It is fair to say that there is generally little information and analysis on China’s impact in Africa.” DFID web site <http://www.dfid.gov.uk/Where-we-work/Asia-East--Pacific/China/China-and-Africa/>

- 6.35. Operationally too, the use of the Conflict Prevention Pool funds<sup>58</sup> and the more recent addition to the cross-government pools, the Stabilisation Fund<sup>59</sup> provided mechanisms that could be used for joint security spending, including non-ODA spend, and have protected DFID's bilateral programme budget from the wider security demands of HMG while opening possibilities for innovative, pro-development, approaches to stabilisation.
- 6.36. Security Sector Reform has been an area that has particularly brought DFID and Other Government Departments (OGDs) together. In Ethiopia, a joint FCO/DFID and Ministry of Defence (MoD) scoping mission was carried out in 2003 to inform proposals for a Security Sector Reform (SSR) programme and this led to a holistic and phased approach to SSR, with HMG working across the sector. DFID has made a significant contribution to the restoration of peace and stability across Sierra Leone through SSR. Major investments were made in demobilisation of combatants from the civil war; a new security architecture has been developed (as part of wider HMG efforts) and budget support restored GoSL's presence throughout the country (because this enabled the GoSL to pay returning civil servants).
- 6.37. More broadly, DFID has sought a whole of government approach in line with Fragile States principles (in line with the OECD fifth principle – see Box 2). Evolving a closer relationship between FCO and DFID is often an important feature of UK aid programmes in fragile states. Collaboration served both internal and external purposes – and over time has improved with good use of the Conflict Prevention Pool, shared analysis and agreement on respective roles between HMG departments.
- 6.38. DRC is the best example of cooperation in the CPEs studied and has been recognised as the best in Africa<sup>60</sup>. The relationship with the FCO involves share offices, a joint communications strategy and joint programming. The close collaboration with the FCO has permitted constant monitoring of the conflict in the east and political developments in Kinshasa. DFID DRC's twinned approach of promoting peace and development has been closely aligned to corporate priorities. However, the whole of government approach has not been effective in all sectors. Progress on engaging OGDs with DFID's natural resources strategy in its Country Engagement Plan was limited: a particularly critical issue given the problems of resource exploitation in the richly endowed eastern DRC.
- 6.39. The whole of government approach is pursued elsewhere but maintaining the right balance amidst competing objectives or priorities has been hard. Relations with OGDs have in the past been defined largely by terrorism concerns, as well as counter narcotics.
- 6.40. The UK's Conflict Resolution Strategy for Nepal in 2004 presented DFID with major alignment difficulties. While this strategy outlined the basis for a coordinated response to the situation in Nepal, it also undermined the potential for DFID (as an arm of the UK

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<sup>58</sup> The two funds in question: Global and African Conflict Prevention Pool funds are resources shared between MOD, FCO and DFID to tackle conflict prevention and peacebuilding activities.

<sup>59</sup> To enhance UK capability to resolve conflict and build peace in a strategic and coherent manner, the Comprehensive Spending Review of 2007 announced the merger of the Africa CPP and the Global CPP into one Conflict Prevention Pool (CPP) and creation of a new fund, the Stabilisation Aid Fund (SAF), for "conflict stabilisation activity in volatile or hostile areas. £58 million out of a £73 million budget will need to be ODA eligible in 2008/9 and 2009/10, and £108 million out of £123 million in 2010/11.

<sup>60</sup> In November 2008, DFID won a civil service award for cross-government working with the FCO and MOD.

Government) to do more than work ‘in’ conflict and to start to directly address the real causes. This was because one of the key objectives of the UK strategy was to support the state to contain the Maoists by strengthening the security forces to counter the insurgency. Alignment improved after 2005 as FCO and MoD shifted towards a peacebuilding strategy under the new situation of an illegitimate government and an emerging peace process.

- 6.41. In Afghanistan, DFID was continually under pressure to demonstrate that it was contributing to the Helmand effort, both through its contributions to tri-departmental mechanisms, and through its bilateral programme. To some extent this constrained the choices available to DFID and undermined the coherence of its overall strategy. It was some time before the UK Government as a whole had a shared vision over the link between security and development and the means to achieve these goals. Pursuing multiple objectives in Helmand, for instance, was initially problematic because approaches towards counter-insurgency, stabilisation, counter-narcotics, peace and development were not necessarily mutually reinforcing.
- 6.42. In Pakistan, DFIDP management “*has worked to build the relationship with OGDs, including key briefings on education, on the best use of FCO funds*”. Nevertheless, “*the demands of responding to a growing interest in DFIDP’s programme have taken up a considerable amount of management time*”.
- 6.43. Yet there have been difficulties over different stances: as in Nepal where the UK position was to support the Nepalese army (at least up to 2005),
- “DFID felt such support would seriously hamper its development programme and possibly endanger staff. On the one hand the UK was publicly supporting the armed wing of the state while at the same time DFID was coming into contact with, and having to negotiate development space with, the armed non-state actor in the conflict (the Communist Party of Nepal–Maoist - CPN-M). DFID’s ability to deliver effective aid in rural areas beyond the reach of Government control was largely achieved as a result of the effective delegation of programme delivery to implementing partners and the practical assistance from the Risk Management Office.”<sup>61</sup>*
- 6.44. DFID has also been criticised for not having sufficiently senior grade staff representing the Department at inter-agency meetings (Sierra Leone, Afghanistan, Yemen), although this has been addressed in recent times as country offices (and HQ) have had more senior staff appointed.
- 6.45. Finally, co-location seems to have been a positive factor in DFID-FCO-MoD relations: in Afghanistan improvements in post-2005 liaison when all departments were co-located bear this out, and equally positive experiences have been noted in DRC, Yemen, Pakistan and also Sudan.

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<sup>61</sup> Nepal CPE, para 5.67

## **Chapter 7. Challenges of working in fragile states**

- 7.1. This chapter tackles the issue of how DFID operated in the fragile states in terms of efficiency and staffing, how DFID worked with other UK government departments (OGDs), and how well it designed and implemented Monitoring and Evaluation (M&E). With increasing resources flowing to fragile states, while meeting targets to reduce costs and staff, the challenge to working in such settings is considerable, especially where security may be an additional concern, where partners and government have less capacity, and where instability increases programme risks.
- 7.2. Annex 1 Table 5 shows a comparison between programme and administration costs in the nine countries studied. The table gives details of the programme and administrative costs for the nine programmes for four years (except Yemen for which only 3 years data is available). Whilst there is considerable variation, five of the nine have admin/programme ratios of around 6%, which compares favourably with other programmes. Three of the remainder are larger established programmes with budget support or large projects where admin costs are usually lower. The exception is Yemen which is a new programme still largely managed in London so the administrative costs are not reflected in quite the same way. It is concluded that:
- Fragile States do not in general seem to incur higher proportions of admin costs compared to other programmes (in comparison with other evaluations of more traditional programmes and DFID's own data on administration cost ratios).
  - Established programmes do not seem to show a variation in administration cost relative to programme size. However costs do vary where budget support or larger scale projects are involved.
  - Over the four years Nepal appears to have become more efficient and Afghanistan and DRC have increased the proportion of administration cost spend moving towards the norm of 6%. The others have fluctuated a little but general the proportion has remained about the same.
  - Overall the fact of being a fragile state does not appear to be reflected in administration costs as a proportion of total spend suggesting that the basic costs for a programme do not vary across programmes. It may be that this is a function of the way staffing is managed and there may be scope to consider increasing the staffing and thus the administration costs for fragile states if the need requires.

### **7.1. Efficiency issues**

#### **7.1.1 Decentralisation**

- 7.3. Setting up delegated DFID offices in country brings important advantages, compared with managing the programme from the UK and with in-country staff usually attached to the Embassy or High Commission. All of the cases of decentralisation occurring in the past five years (Pakistan, Sudan, Sierra Leone, Yemen, DRC, Afghanistan) show that new offices brought a valuable scaling up in terms of programme alignment and flexibility, and in influencing of local partners. These characteristics are an important attribute in a Fragile State setting where delegated authority gives a flexibility that allows DFID to adhere to the Fragile State principles of rapid decisions and responsiveness to local context.

- 7.4. Setting up a new country office has placed heavy demands on management and staffing (Pakistan, Yemen, DRC). While the offices have been successfully put into operation, there have been problems over staff security and office accommodation in these three countries.
- 7.5. However, devolution has resulted in a rising tension between HQ policy evolution and local priorities. The experience in Ethiopia (and Sudan) demonstrates how global initiatives such as the Common Humanitarian Fund (CHF) and the International Health Partnership if not implemented carefully can undermine strong country-driven approaches.

*‘The attempt to rollout the CHF in Ethiopia demonstrates the importance of the context, and the need to invest in an in-country consultation process that does not presume the end result. In Ethiopia, the Humanitarian Response Fund already existed, fulfilling some of the same “responsive, flexible” functions of the CHF’<sup>62</sup>.*

- 7.6. As fragile states become higher profile, pressures from HQ have also increasingly impinged on the workload of the country programme team. According to the former Head of DFID, Ethiopia, the pressures are severe enough to undermine the country programme: *“the continued growth and complexity of the Ethiopia programme, the increased demand from the centre to contribute and respond to corporate initiatives and shifting Ministerial priorities” may lead to “unsustainable workloads and diluting the impact of our programme and undermining country-led approaches to development”<sup>63</sup>.* High profile country visits have impacted on country office efficiency: at least 24 visits in 4 yrs in Ethiopia, Pakistan and even more in Afghanistan. Servicing these visits and answering the constant flow of Parliamentary Questions (PQs) became a full time job for dedicated staff in the office, though it is also recognised that if managed well, such visits can boost DFID’s profile. In Afghanistan, continuity across all programme strands has also been affected by the practice of staff taking two-week rest breaks every six weeks. The Pakistan CPE noted the need for DFID HQ to provide greater support to in-country management as the DFIDP programme has been seen by the UK Government as an integral part of an overall strategy for engagement, influence and leverage in the region, particularly since the July 2005 bombings in London.

### **7.1.2 Working in a fragile country**

- 7.7. The CPEs note that operating in a fragile state is typically more labour-intensive and expensive than elsewhere for the following reasons:
- Other donors’ in-country capacity is weak or presence minimal. As a result, DFID takes on a disproportionate share of the transaction costs related to donor coordination and joint donor funding.
  - State institutions are weak. Working with (or around) government structures takes time.
  - Staff are vulnerable in a highly risky and unstable environment.
  - DFID internal communication and knowledge management systems are ill-adapted to the environment, for example, slow IT and internet systems.

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<sup>62</sup> Box 3, Ethiopia CPE.

<sup>63</sup> Ethiopia CPE, para 4.71,

- Travelling in-country is affected by poor communications and insecurity. DFID staff are limited in their ability to obtain information on the ground, including monitoring programme delivery.
- DFID programme management staff constantly face unorthodox situations that do not meet internal regulations. Examples range from fraud investigations to procurement procedures with non-traditional partners. Considerable time is spent talking to HQ to resolve these issues.
- Management often spend time on non-DFID programme business, handling enquiries from the media or OGDs.

7.8. Countries developed different approaches and rules to achieve greater efficiency and safety. DFID in Nepal helped develop the Basic Operating Guidelines (BOGS) which allowed DFID staff and their implementing partners to work more safely in conflict zones. These procedures were effective because they were officially endorsed by the parties to the conflict, and were adopted by a range of aid partners. Most offices were commended for improving their internal communications and team working arrangements (such as in Ethiopia), while others such as Pakistan and Nepal, commissioned organisational reviews to deliver more efficiently in the face of staffing restrictions.

### **7.1.3 Staffing**

7.9. Portfolio choices seem to have been driven by the availability of advisory staff. In Sierra Leone, Pakistan, and Yemen, for example, CPE evidence indicates that the portfolio choices often rest on the comparative presence or absence of advisers, particularly if there is no overall strategic framework (as in the case of Yemen). In Pakistan, the lack of an education adviser affected the ability to develop this sector as strongly as the health sector which had a consistently good staff complement. A high turnover of social development advisers (with four in as many years) affected engagement in the area of social exclusion. In Sierra Leone, none of the advisory cadre moved to the country on devolution. DFID's ability to move into private sector development was delayed owing to difficulties in recruiting a coordinator while the ability to move into Human Development was affected by the weak sequencing of advisers from Security to Health and Education. Also in Yemen, the fact the economist was based in the UK rather in the country office for a period affected the team's policy dialogue around food prices and on budget analysis.

7.10. While DFID is usually regarded as having good quality staff by its partners, all of the countries studied faced staffing constraints, especially early in the life of a new country office. Though not a primary driver, this difficulty added to the attractiveness of larger programmes, silent partnerships and budget support type instruments. DFID HQ imposed unrealistic caps on staff numbers especially when spend pressures grew significantly, as in Afghanistan and Pakistan.

7.11. In addition there was evidence of fluctuation in staff headcounts and difficulties in filling positions. Moreover, recruitment is difficult for some postings, with high turnover of UK-based staff, yet under-use of Staff Appointed in Country (SAIC).

7.12. In Sierra Leone, the staffing structure was criticised from a number of perspectives. The post of Head of Office had been set by DFID at senior advisor level, and officials in Whitehall and DFID HQ felt a senior civil service grade would be more appropriate



both in view of the complexity of the programme and in respect of working relationships across other HMG departments.

- 7.13. In some countries, the programme team in-country is too small given the role played by DFID (for example in Sierra Leone, Yemen), especially where there are few bilateral donors present and World Bank staff are non-resident, so decreasing opportunities to allocate tasks between donors and for DFID to act as a silent partner. This also increases transaction costs when DFID works in partnership with other donors (principally the World Bank), since decision makers are not resident in-country (e.g. Sierra Leone). In general, there seems a good case for UK-based staffing levels in fragile states to be higher than elsewhere, based on the difficult conditions described in 7.7, the higher transactions and complex nature of programme work.
- 7.14. Staff Appointed in Country (SAIC) The tendency to recruit less staff locally and to have a high presence of UK-based staff compared with other donors has been noted in some countries. In Nepal, the World Bank felt that DFID did not adequately empower its local staff, and had limited diversity reflecting the ethnic mix of the country. In Sierra Leone criticisms were made over the absence of any appointment of SAIC staff to advisory level posts. DFID has tried to recruit senior staff locally but the market is small and DFID salaries for SAIC are said not to be competitive. In view of the importance of analysing the political economy and managing the programme in a politically sensitive way, this omission is significant. SAIC staff highlighted dissatisfaction with salaries, allowances and career development opportunities working for DFID. These views are also found across other countries in the group evaluated, particularly Pakistan.
- 7.15. At the same time, the value of SAIC staff has often been recognised in terms of providing a consistent and experienced presence. In Pakistan, the evaluation exposed both the advantages to DFID and the challenges faced by reliance on SAIC staff. The CPE noted that SAIC staff have “*played an important role, given the security issues and UK-based staff turnover, with some staff involved for 20 years*”. Yet:

*“SAIC career paths had been affected by slow progression and limited opportunities, with most staff continuing as programme officers and few advisory grade staff. With the problems of UK staff turnover and delayed recruitment, SAIC staff have at times been placed in exposed positions ... having to manage large or sensitive portfolios without sufficient experience of DFID systems. Yet, there have been some effective roles played by SAIC staff in an advisory capacity”.*

- 7.16. In Ethiopia as well, the office has benefited from a high proportion of SAIC – currently around 62% – with two at advisory level.

*“Over the evaluation period relations with SAIC have not always been good. In 2005, the SAIC Association was disbanded following significant tensions over terminal employment benefits. The association was re-established in 2007 and relations with senior management are presently much improved. Indeed, the office is seeking to increase the role of SAIC, in recognition of the contribution of individuals, as well as to help meet the demands of an expanding programme under persistent administrative cost restraints”.*

#### **7.1.4 Cost of working through other donors**

- 7.17. There is ample evidence of the relatively high opportunity cost of working with and through other partners with less capacity and in a setting where the host government

may be weak or uninterested, and so provide less leadership on the aid effectiveness agenda. This can be seen in at least three areas. First, DFID in-country advisers spend significant time designing, monitoring and advising on programmes implemented with multilateral and bilateral partners, especially where such partners have weaker capacity as may often be the case in fragile state settings. Second, the management costs when using agencies such as the UN to implement on DFID's behalf can be high, ranging from between 5 and 12% of total project cost. Taken together these support costs in country can be significant and are on top of DFID's overall management costs for its global multilateral spend that takes place in headquarters. Third, a less accountable cost is the reduced visibility that DFID achieves in working with and through others. In DRC, it was noted that this affected DFID's influencing and that to compensate for this DFID had also to work directly with key officials.

7.18. There is some evidence of the effectiveness of providing technical assistance or seconded staff to DFID partners. For example with multilaterals (in DRC and Yemen), the evidence suggests DFID has achieved success in responding to weak in-country capacity in these agencies. But in some cases follow up has been insufficient, as noted above (see 6.29).

## **7.2. Monitoring and Evaluation**

7.19. With increasing pressure on DFID to demonstrate effectiveness and value for money, and with the fragile state programmes absorbing increasing amounts of aid, the question of how to set up and successfully use monitoring and evaluation (M&E) systems is critical. Yet the conditions found in fragile state settings make M&E especially challenging. Some of the most common problems faced have been documented<sup>64</sup>, and include;

- the critical need to understand how interventions may impact on conflict either positively or negatively;
- the non-linear nature of peace processes, confounding more conventional logic models explaining the link from inputs to outcomes;
- the difficulty of conducting field monitoring in areas affected by conflict and of 'doing no harm' in conducting surveys or collecting field data from conflict-affected populations;

7.20. Fragile states can also have a lack of good national or provincial data because of weak statistical systems and lack of access to beneficiaries because of security. However, whilst DFID has been effective in supporting the strengthening of national statistical systems, particularly in Pakistan and Ethiopia, the results have been slow to reach fruition. In Pakistan, the question of government manipulation of statistical evidence was raised in the CPE – and that a lesson for DFID is to be prepared to do risk assessments of Government data systems, when relying on them to demonstrate the impact of large volumes of budget support.

7.21. In addition, where external constraints caused by insecure environments affect DFID's ability to conduct M&E, there may sometimes be internal shortcomings that exacerbate

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<sup>64</sup> For example: 'Aid for Peace, A guide to Planning and Evaluation in Conflict Zones', Paffenholz, T and Reyhler, L, Nomos, 2007

the situation. The National Audit Office (NAO) stated recently that “*Learning has been hindered by incomplete project reporting. Quicker and fuller dissemination of the lessons from front-line experience will help DFID to improve the effectiveness of its aid*”<sup>65</sup>. In Afghanistan, DFID was acutely aware of the dangers inherent in asking partners to monitor projects that DFID staff themselves could not visit. Moreover, as the CPEs point out, some sources of evidence, especially in active conflict or immediate post-conflict settings, are classified as confidential which limits the ability of evaluators to appreciate the context or explain results and impacts.

### 7.2.1 Country Strategies and M&E

- 7.22. In the CPEs reviewed, Country Assistance Plans (CAPs) (introduced in the last 5 years) have shown improvement over their predecessor, the Country Strategy Paper (CSP), in the area of detailing measurable outcomes and action plans to measure performance. CAPs are often carefully prepared and based on sound analysis, assessment of risk and attention to defining a set of indicators and Action Plans. But subsequent monitoring of plans has then been found to have been weaker. In the absence of active and regular monitoring, medium-term (3–5 year) accountability of country office performance in delivering development results can be weak.
- 7.23. In some cases, though, the CAP monitoring frameworks have been either too complex or inappropriate and have had to be redesigned. In Cambodia, a very complex structure of mainly annual assessments with indicators related to the achievement of project level milestones rather than objective level indicators, led to a review in 2007, which recommended improving the CAP programme monitoring and reconciling the perceived competing demands of programme monitoring, corporate reporting and country level (PRSP/MDG) monitoring. These recommendations were fully implemented and monitoring is now based solely on corporate reporting against the Public Service Agreement and Director’s Delivery Plans<sup>66</sup> (DDP) together with MDG performance with no assessment of progress towards the CAP objectives. This confusion between corporate reporting and country strategy level monitoring has “*resulted in the continued absence of an effective country performance framework*”.
- 7.24. A focus on results is difficult in at least two areas: the sectors where common funding mechanisms such as Sector Wide Approaches (SWAs) were developed and where attribution to individual donors is difficult, and the newer areas of peacebuilding and social inclusion where DFID may have less experience and may be working in a more process-related way. With regard to peacebuilding, applying results-based frameworks is not always appropriate since work in this area is often reactive, non-linear in design and reliant on feedback and context<sup>67</sup>. In this case the use of conventional M&E models needs to be adapted or supported by other approaches.

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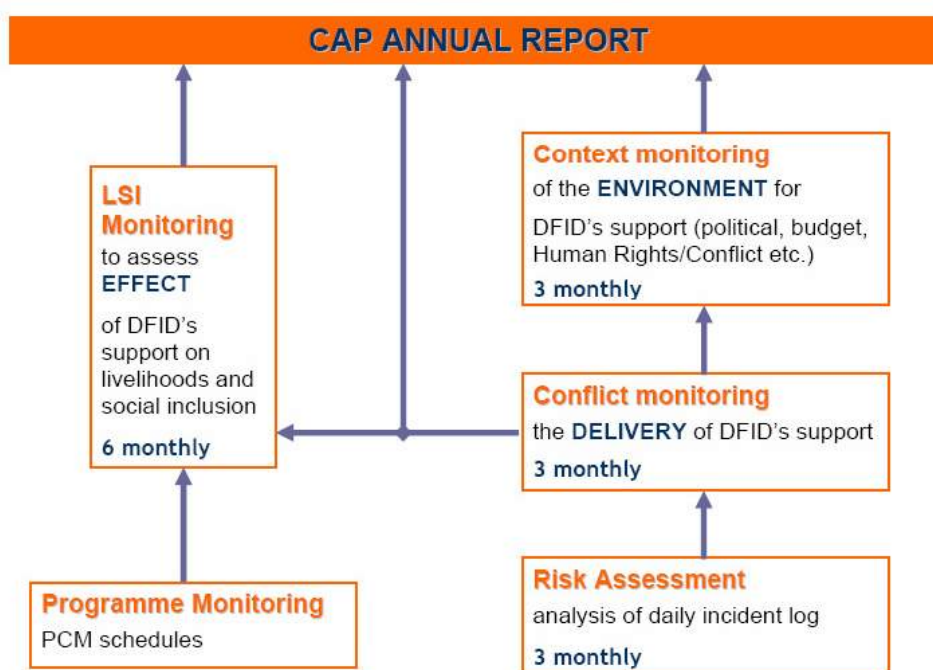
<sup>65</sup> DFID, *Operating in Insecure Environments*, NAO, October 2008.

<sup>66</sup> These are commitments made by DFID’s Secretary of State (for the PSA) and by Divisional Directors (for the DDP) to the Treasury and to the wider public for the delivery of specified performance targets on an annual or periodic basis.

<sup>67</sup> ‘An Approach to DAC Guidance for Evaluating Conflict Prevention and Peacebuilding Activities, Collaborative for Development Action’, OECD-DAC Development Evaluation and Conflict Network. January 2007.

7.25. Nepal went a long way to setting up a state of the art Fragile States Monitoring System: this innovative approach (illustrated in Figure 2) used various sources of information including from conflict monitoring / risk incidence, and social impact monitoring and context monitoring<sup>68</sup>. This resulted in improvements in annual country reports that more systematically measured progress against CAP objectives and for key development outcomes.

Figure 2. Nepal's Fragile States Monitoring System



7.26. Problems of results measurement can be constrained where joint funding arrangements are used. Elementary institutional requirements can undermine the harmonisation agenda; with each agency having different timeframes and requirements for reporting, mid-term reviews, audits and evaluations. In Ethiopia attempts to overcome this have been made through a 'visioning process', whereby all donors have attempted to frankly discuss their own institutional requirements, and reach a more harmonised framework with key milestones for the next three years to which all donors have agreed.

7.27. In Cambodia, for most interventions there has been little disaggregation of data by sex, ethnicity or social grouping (except in some of the health and sanitation programmes). This is largely due to the absence of effective M&E systems. This is an area where the high quality of DFID's analytic work at strategy level is undermined by weak M&E design and consequent weak monitoring during implementation. In Sudan, it seems data were available on these dimensions (from the Joint Assessment Mission work), but that these were not then used in DFID's programming. In Ethiopia, DFID was well informed about the state of governance yet has been less successful at assessing the impact of Ethiopia's political economy on specific programmes including on marginalised and vulnerable populations.

<sup>68</sup> Monitoring in a Fragile State, DFID Nepal, May 2005. LSI = Livelihoods and Social Inclusion

- 7.28. It has been a common trend across DFID offices for advisory staff to have less time to visit the field, as they face a heavy work load engaging in donor and government interaction at the centre, and as staff numbers have in some countries (such as Nepal) been reduced. In fragile states, this condition is exacerbated by the difficulties of access to the field, as security constraints have prevented staff monitoring. In Nepal, as an example, the CPE found that an average of 8.6 days per staff member was spent in the field in the financial year 2006/07.
- 7.29. DFID Afghanistan recognises the importance of sharing the burden of monitoring with other donors and has also begun exploring increased use of national staff and independent consultants to carry out monitoring missions.
- 7.30. A significant proportion of programmes or projects fall under £1 million, and they therefore fall outside the threshold for mandatory inclusion in DFID's performance review system (known as ARIES<sup>69</sup>). In Ethiopia, there were 79 such interventions, representing some 78% of DFID's support that was not captured by the performance system, and amounting to about half of the portfolio in financial terms, while in Nepal 54 projects were not scored. Equally Conflict Prevention Pool projects are not rated in the same way, so that an important group of interventions specifically targeted at Fragile States are not within DFID's assessment system.
- 7.31. Measuring impacts remain a weakness of DFID programmes. Whereas there are often good context analyses, and solid reporting on outputs, the CPEs were hampered in demonstrating impact on poverty reduction or reduced fragility. This was partly due to weak results frameworks and problems of attribution, and the additional difficulties of measurement in fragile environments as noted above, but also because of the need to widen the evaluation criteria. The Afghanistan CPE raised the issue of using standard evaluation criteria and of the potential need for joint evaluation work to match the broader HMG agenda:
- “The context of HMG's military and political engagement made it particularly difficult to assess the relevance and appropriateness of DFID's strategic choices against the standard evaluation criteria for a development programme. Consideration should be given by DFID, with other government departments, to the most suitable way of evaluating DFID programmes operating in such a context in future, including whether a joint HMG evaluation framework should be developed”*<sup>70</sup>
- 7.32. Finally, an indication of the difficulty of using DFID's performance assessment system (which rely more on conventional evaluation criteria for development interventions) is illustrated in Table 5. This shows a staggering variation in performance that is seemingly unrelated to level of fragility as measured by NAO and World Bank sources.

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<sup>69</sup> Activities, Reporting & Information Electronic System

<sup>70</sup> **Afghanistan** CPE, Executive Summary.

**Table 5. A Comparison of DFID Performance Scores against Level of Fragility**

	<b>DFID Portfolio Performance 1/</b>	<b>NAO Fragility Category 2/</b>	<b>IDA Country Performance Rating 3/</b>
Ethiopia	89%	B	3.33
Pakistan	77%	B	3.12
Afghanistan	74%	A	2.39
DR Congo	67%	A	2.47
Sudan	64%	A	-
Nepal	58%	A	3.14
Sierra Leone	56%	B	2.81
Yemen	40%	B	3.14
Cambodia	42%	-	2.95

1/ % portfolio by number rated as fully or largely achieving their objectives

2/ See Table 1

3/ See Annex 1, Table 2

## **Chapter 8. Conclusions, Lessons and Recommendations**

### **8.1. Conclusions**

- 8.1. This report has assessed the relevance and performance of DFID's bilateral engagement in nine countries that are, or have been (or are likely to be), affected by insecurity and fragility and found positive examples of DFID engagement in statebuilding and peacebuilding. The themes chosen are ones that are highly relevant to DFID as it seeks to improve its performance in a complex environment that includes working with host governments, with other development partners and other UK departments in what are volatile and politically sensitive situations.
- 8.2. DFID has scaled up its aid frameworks substantially in line with White Paper Three commitments, and has had to achieve this in the face of an often constrained in-country staff base. Nevertheless CPE evidence indicates that although devolved offices have performed well in finding more locally appropriate solutions and in adapting policy guidance to national contexts, building greater country presence requires a better staffing response. DFID has demonstrated sustained commitment in line with OECD DAC principles through long term partnerships, and has moved to joint funding mechanisms that have better shared risk and retained predictability.
- 8.3. DFID is known for its strong analysis and its awareness that progress in development rests on first achieving inclusive political settlements that help create stability. However it has not always been able to channel its resources into the identified core causes of fragility, whether these are around security sector reform, tackling human rights, gender or social exclusion. Electoral support though, is an area where good results have been seen, although state-building in general has proved to be a long-term complex process and DFID has sensibly evolved its approach here, from not just strengthening state institutions but also increasing its support to building state legitimacy through strengthening voice and accountability .
- 8.4. In post-conflict countries, however, the main dilemma for DFID has been to manage the tension between directly providing service delivery to the poor and building the capacity of the state to do so. DFID has rather concentrated on the latter, and especially on improving central government capacity. However, evidence suggests that DFID can still be particularly effective when it concentrates on delivering services in particular sectors or regions (such as in health services in Pakistan or in livelihoods in conflict-affected regions in Nepal).
- 8.5. While an emphasis on improving central state capacity is sound in certain contexts, elsewhere it has raised the critical dilemma of whether DFID should support a state whose very legitimacy is often questioned beyond the capital. In Afghanistan, continued support for a corrupt central state has to some extent been characterised as part of the problem rather than the solution, although building credibility of the state is needed at the same time if it is to compete with the insurgency and for the eventual achievement of an inclusive political settlement.
- 8.6. While there is a mixed record in achieving policy dialogue with host governments, DFID has been much stronger in building partnerships with other donors and so improving aid effectiveness. This is partly due to the growing international cohesion around an aid effectiveness agenda, but also to DFID's commitment. It has played a

valuable bridging role between multi and bilateral partners and has been proactive in instigating new forms of aid delivery. There has been less traction in pursuing its reform agenda with multilaterals, and less traditional partners have largely remained beyond DFID's sphere of influence. In improving relations with other UK Government Departments, there have been some notable successes, and common funding pools and co-locating have helped achieve operational linkages. Tensions have remained where political and security agendas diverge from DFID's core mandate of poverty reduction.

- 8.7. Poverty Reduction Budget Support was used in four out of the nine countries (Sierra Leone, Cambodia, Ethiopia, and Pakistan), with positive results in some situations, but the underpinning analysis lacked robustness, especially around political risk, and this has led to either suspension of the support or to weaker influence. Nevertheless, budget support has been an effective instrument in some contexts in building stability in a fragile post-conflict setting and in strengthening government fiscal resources. Pooled funding has also raised substantial resources and shared risk amongst donor partners and while DFID has been proactive and innovative in setting them up, many suffer from delays, high operational costs and weak management and have, in some situations, limited DFID's ability to bring its strengths and influence to bear. Quick Impact Projects brought direct benefits to the population, yet did not become effective bridges between humanitarian and development assistance, and remained ad hoc projects with no link to national strategies.
- 8.8. DFID has good quality staff, but working in a fragile environment is challenging, labour-intensive and stressful. Staff recruitment is difficult, turnover high and applicants few. Advisor gaps have affected portfolio design and management. DFID imposed unrealistic caps on staff numbers when spend pressures grew, (so making larger programmes, silent partnerships and budget support more attractive). Country level relations with HQ have sometimes proved strained and as fragile states become higher profile, pressures from HQ have increasingly impinged on workload. Best practice exists on building efficiency and safety.
- 8.9. There is a huge pressure on understanding how complex interventions deliver impact and affect conflict. But there has also been confusion between the need for corporate reporting and country strategy level monitoring, and this has resulted in the absence of effective country performance frameworks. M&E in fragile states is different: the non-linear nature of peace processes may confound conventional logic models, while data availability is compounded by weak statistical systems, limited field access and the risk of 'doing harm' in collecting data. Good practices do exist that show how these constraints can be overcome.
- 8.10. The final section below sets out a number of lessons and recommendations that this synthesis has been able to extract from its comparison of the findings from the nine CPEs.



## 8.2. Lessons

The following lessons are divided into the main themes presented in the report:

### 8.2.1 Scaling up and aid approaches

1. Scaling up support in fragile states implies a move to larger programmes which can be jointly funded with other donors. DFID's commitment to the aid effectiveness agenda therefore remains very appropriate.
2. However, the model of working through other donors has proved ill-adapted to the donor landscape in previously 'aid orphan' countries. The rationale for budget requires an overt political judgement of gains versus risks, but it can have a role in building stability even where there is high fiduciary risk or low government commitment.
3. Pooled funding has been a widely used and is even a dominant mechanism for raising substantial resources and sharing risk amongst donor partners in a fragile state setting. However, while there are good examples of effective delivery, they suffer from delays and high overheads, have met with problems when using weak implementing agencies and have diverted DFID's energies from engaging directly.
4. Long-term local capacity building requires a clear vision of how to manage change and links with wider civil services reforms.
5. DFID can deploy TA effectively in fragile states where rapid and flexible support is required, and especially if (a) it complements other forms of support and (b) it is client-led.

### 8.2.2 Statebuilding and peacebuilding

6. DFID's support for inclusive political settlements – from peace agreement negotiations to the holding of elections – has successfully underpinned state-society relationships, particularly through its work with the media and support for civic participation (including women). There is major potential to build DFID role in these areas in future, especially in building civic participation and in formal and informal dialogue.
7. SSR is an endogenous process that hinges principally on government goodwill and requires a realistic timeframe to change behaviour. DFID has shown a particular strength in coordinating donor support and providing advisory support – greater results are needed in justice and rule of law and in police reform.
8. An integrated approach to peacebuilding and statebuilding requires balancing and linking short-term with long-term interventions. This also means working with both government and NGOs in a coordinated and complementary way to close the gap between humanitarian assistance and development assistance.
9. Working with Civil Society Organisations at sector level (including democratic processes and SSR) has shown stronger potential for success than working through others to support CSOs programme nationwide.

### **8.2.3 Partnerships**

10. DFID's use of DPAs has not been effective in holding governments to account, as higher political imperatives took over when commitments were breached. Defining benchmarks to monitor human rights has proved particularly difficult. DPAs, where used, must identify stronger linkages between political and development goals and act upon them.
11. DFID's history of relations between the international financial institutions and European bilaterals and its willingness to raise sensitive issues, means it is well placed to provide a valuable 'bridging' role, and thereby achieve greater influence and impact on the aid effectiveness agenda.
12. Seeking to act as a harmonised aid actor and helping others build their effectiveness comes with high opportunity costs, especially in fragile settings where aid volumes are rising, governments tend to be less able to coordinate and other donors have less capacity.
13. DFID's work with UNDP has in general been problematic; when working in fragile state settings there needs to be a greater clarity of roles – better success with humanitarian and peacebuilding activities than in more conventional development activities.
14. It has not proved easy to establish partnerships with less traditional aid partners in fragile states, yet such actors are of rapidly growing importance and DFID should aim to influence their adherence to principles of aid effectiveness in fragile states.

### **8.2.4 Operational Lessons**

15. Decentralisation has presented staffing resourcing and security challenges, but the benefits have outweighed the costs, as a local and delegated DFID presence has brought influence, greater flexibility and responsiveness, and alignment with host governments. Relations with DFID HQ have sometimes proved strained, especially with regional directors concerned with implementing staff caps, and corporate performance divisions over management systems, and it has been difficult for country offices to balance competing UK development, security and political agendas.
16. Working in a fragile environment is extremely challenging, labour-intensive and stressful. Staff recruitment in fragile states is usually more difficult, with higher turnover and a shortage of applicants. Advisor gaps have affected portfolio design and management. DFID needs to better match its fragile state ambitions with appropriate staffing quality and quantity such that plans for scaling up are matched with adequate staff resources.
17. Successful M&E remains a challenge for DFID in conflict affected states. Measuring impacts is a particular area of weakness. New approaches are needed that require a less linear relationship between resources committed and outcomes achieved, and involve cross departmental approaches that can assess political, security and development results in a more integrated way.

### 8.3. Recommendations

1. DFID should continue to act as a bridge or moderator between partners who exhibit different levels of alignment to the principles of engagement in fragile states as well as the principles of aid effectiveness. It has some important advantages in playing this role compared to others, and should be prepared to address sensitive issues such as human rights, justice and corruption.
2. DFID should continue to pursue the use of joint funding mechanisms as a valuable means to share risks and bring significant resources, but it must seek to improve the speed of operation, establish clear procedures and ensure more local ownership.
3. DFID's political and economic policy teams should review guidance on providing budget support within a fragile state setting. In doing so it can learn from how budget support approaches have been adapted to reduce political and fiduciary risk by adopting trust fund approaches that shadow align with national priorities, and by delivering in specific sectors or regions.
4. DFID's regional directors should renew their commitment to "have more realistic expectations of what can be achieved within a timeframe and aim to plan for five-to-ten-year periods"<sup>71</sup>. The tendency to acknowledge government weakness as one of the main risks within programmes, only to express this again as a reason for weak programme management should be avoided.
5. Establishing a stronger link between peace negotiations and implementation at the grassroots remains key to ensure successful peace. DFID should continue to support peacebuilding initiatives at the levels of communities in support of a multi-track approach.
6. In future post-conflict situations, and especially where starting capacity is very low, DFID should give far higher priority to working with other development partners to jointly to identify the needs for capacity provision with the host government.
7. Strengthening multilaterals is part of DFID's global agenda, but in fragile settings where DFID works with multilaterals either through co-funding or by using them as a managing agent, DFID should give more priority to the delivery of improved services in a conflict-sensitive manner than to using this relationship to pursue a reform agenda with that agency.
8. DFID should seek opportunities to work more closely with non-traditional partners, especially where they play an important regional role or have a large funding weight in a fragile state. DFID's International Dept. should develop stronger approaches and provide resources to influencing such partners over, for example, their adherence to the principles of aid effectiveness and to the principles of working in fragile states. This should include guidance and support to DFID country offices where such partners are important.

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<sup>71</sup> DFID, Why we need to work more effectively in fragile states, p.25, 2005.

9. Where DFID expands its funding in fragile states, its Directors for Human Resources and Regional Divisions must match this with earlier build up and better sequencing of staff with sufficient seniority and experience. DFID should aim to manage better competing political, security and development agendas between UK Government Departments HQ and DFID country offices where they arise, and build on experience from successful examples such as DRC and Sudan. HQ should not overburden country offices in fragile states with frequent staff visits or policy changes.
10. DFID should be cautious when working through other partners who may have limited capacity. It may be better to work with fewer but more effective partners. DFID must draw up clear terms of engagement with its implementing partners so that there is a shared understanding of roles and expectations.
11. When working in conflict settings, DFID should pursue the definition and implementation of safe operating guidelines to improve access and delivery; the Nepal experience could be used as a model.
12. The higher opportunity cost of working in fragile states is inevitable and often justified, but DFID should do more to improve its efficiency through sharing operational costs and aid delivery mechanisms with others. More careful monitoring and auditing and better use of technical assistance is also required.
13. Working in fragile states present special challenges in terms of monitoring and evaluation. DFID can improve in this area by designing more measurable, risk-sensitive country assistance frameworks (including using different scenarios), and by constructing more appropriate monitoring machinery such as that used in Nepal.
14. While Technical Assistance has often proved an effective and flexible instrument, DFID needs to avoid building dependency and be careful about how TA is used. In particular DFID should be cautious of using TA in isolation from other instruments or providing TA in the absence of progress on necessary reforms in areas such as the host government's civil service.

## Annex 1. Supplementary Statistical Tables

Table 6. Funds and Aid Instruments

Country <sup>72</sup>	CPE date	Size of Programme (2002 – 2007)	Strategy	Long term financing	% BS
<u>Africa</u>					
DRC	2008	£15m to £79m	CEP 2003-05 CAP from 06 but delayed due to joint donor CAF		0%
S. Leone	2008	£32m to £38m	Draft CSP 2002 Joint DFID-EC strategy 2006	Long term Partnership Agreement 2002	35%
Ethiopia	2008	£43m to £91m	CAP 2003-05 Draft CAP 06-08	10 yr MOU 2003	46% in 2003/4 but suspended in 2005 and replaced by multi-donor programmes
<u>Asia</u>					
Afghanistan	2009	From £50m 01/2 to £100m in 06/7 plus other UK aid of £20m p.a.	Humanitarian Programme 2001-2003 Transitional Country Assistance Plan (TCAP), 2003-2005 Interim Strategy for Afghanistan (ISA), 2005/6 (extended to 2008)	10 yr DPA 2006	Mainly joint mechanisms, but 85% of ARTF (recurrent budget support) and ARTF 3/5 of programme. Early on humanitarian and projects, after 2005, 70% funds through govt. budget channels.
Nepal	2007	From £17m to £32m (01/2 – 05/6)	CAP 2004-07 but replaced by interim in 2005. UK Strategy for Nepal 04		Mixed but mainly projects & TA (85%) – little pooled funding BS: 9%. Swaps: developed, Switch to NGOS support
Pakistan	2008	from £30m to £60m in the past three years	CSP 01/2 -03/4, CAP 05-07	10 yr DPA 2006	55% is BS (of which GBS 31%)
Yemen	2009	from £5m to £18m from 2004/5 to 08/9, and projected to rise to £50m by 2010/11	None published for DFID (too small), UK Govt Strategy prepared	10 yr DPA 2007	All projects
Cambodia	2009	From £11m (02) to £24m (07)	CSP 2000-4 CAP 2005-09		BS is only 12% and from 07/8. Multi-donor co-financing is main approach

<sup>72</sup> In Bold : countries used as pilots for implementing the OECD Fragile States Principles from 2007

## Evidence of Fragility

The World Bank's definition of fragile states covers low-income countries scoring 3.2 and below on the Country Policy and Institutional Assessment (CPIA), which is the primary tool used to assess the quality of country policies and the main input to IDA's Performance-Based Allocation (PBA) system. Countries in red are below the 3.2 cut off score.

**Table 7. IDA Country Performance Ratings and Components (2008)**

code3	Country	Average of	CPIA	Portfolio	IDA Country
	Sri Lanka	3.49	3.30	3.5	3.36
	Tonga	3.16	3.30	4.5	3.36
	Ethiopia	3.37	3.30	3.5	3.33
	Zambia	3.61	3.20	3.5	3.32
	Mongolia	3.28	3.30	3.5	3.31
	Vanuatu	3.30	3.30	NA	3.30
	Kyrgyz Republic	3.98	3.00	3.5	3.27
	Niger	3.33	3.20	3.5	3.26
	Guyana	3.56	3.10	3.5	3.24
	Bangladesh	3.70	3.00	3.5	3.21
1	Sao Tome and Principe	2.93	3.10	4.5	3.17
2	Lao People's Democratic Republic	3.41	2.90	4.5	3.15
3	Mauritania	3.44	3.00	3.5	3.15
4	Yemen, Republic of	3.26	3.00	4.0	3.14
5	Nepal	3.41	3.00	3.5	3.14
6	Nigeria	3.62	2.90	3.5	3.12
7	Pakistan	3.33	3.00	3.5	3.12
8	Kiribati	2.99	3.10	NA	3.06
9	Papua New Guinea	3.37	2.90	3.5	3.06
10	Cameroon	3.31	2.90	3.5	3.05
11	Gambia, The	3.34	2.90	3.0	3.01
12	Uzbekistan	3.51	2.70	3.5	2.96
13	Djibouti	3.22	2.80	3.5	2.96
14	Cambodia	3.49	2.70	3.5	2.95
15	Tajikistan	3.36	2.60	3.5	2.85
16	Sierra Leone	3.24	2.70	2.5	2.81
17	Burundi	3.16	2.60	3.5	2.81
18	Guinea	3.11	2.60	3.5	2.79
19	Timor-Leste	2.84	2.70	2.5	2.72
20	Congo, Republic of	2.79	2.60	3.0	2.68
21	Angola	2.84	2.40	4.5	2.67
22	Guinea-Bissau	2.53	2.60	3.5	2.66
23	Solomon Islands	2.81	2.60	2.5	2.64

24	Haiti	3.01	2.40	3.5	2.63
25	Eritrea	2.22	2.70	3.0	2.61
26	Cote d'Ivoire	2.71	2.50	2.5	2.55
27	Central African Republic	2.57	2.30	4.5	2.54
28	Congo, Democratic Republic of	2.91	2.20	3.5	2.47
29	Togo	2.84	2.20	3.5	2.46
30	Comoros	2.39	2.20	4.5	2.43
31	Afghanistan	2.72	2.20	3.0	2.39
32	Chad	2.63	2.20	2.5	2.33
33	Sudan c/	2.54	2.30	NA	NA
34	Zimbabwe c/	1.33	1.60	NA	NA
35	Kosovo	NA	NA	NA	NA
36	Liberia	NA	NA	NA	NA
37	Myanmar c/	NA	NA	NA	NA
38	Somalia c/	NA	NA	NA	NA

## Notes:

a/ For more information on the CPR calculation, see "Additions to IDA Resources: Fifteenth Replenishment", Annex 1, February 28, 2008.

b/ Calculated as follows:  $0.24 \times (\text{Clusters A, B, C average}) + 0.68 \times (\text{Cluster D}) + 0.08 \times (\text{Portfolio Rating})$ . If portfolio rating is not available, then it is calculated as  $0.32 \times (\text{Clusters A, B,C average}) + 0.68 \times (\text{Cluster D})$ .

c/ Inactive country.

Table 8. DFID Expenditure in Countries included in the Synthesis of Fragile State CPEs, 2003/4-2008/9.

		2003/04 £000	2004/05 £000	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000
Congo (Dem Rep) <sup>1</sup>	Total DFID Bilateral Programme	20 135	29 284	58 832	75 251	82 711	93 892
	of which Humanitarian Assistance	15 133	16 372	44 171	52 116	46 156	32 778
	Total Bilateral Gross Public Expenditure	151 657	36 585	58 832	79 284	82 910	..
	% of Total Bilateral GPEX	5.76	1.14	1.29	1.55	2.36	..
Ethiopia <sup>1</sup>	Total DFID Bilateral Programme	43 302	62 364	62 558	90 496	139 519	165 521
	of which Humanitarian Assistance	18 512	6 719	9 175	1 968	5 000	33 699
	Total Bilateral Gross Public Expenditure	43 665	73 044	62 562	90 506	140 011	..
	% of Total Bilateral GPEX	1.66	2.28	1.37	1.77	3.98	..
Sierra Leone <sup>1</sup>	Total DFID Bilateral Programme	34 176	27 279	34 138	37 636	54 070	47 782
	of which Humanitarian Assistance	1 528	800	-	-	-	1 794
	Total Bilateral Gross Public Expenditure	34 280	27 431	34 208	37 696	57 705	..
	% of Total Bilateral GPEX	1.30	0.86	0.75	0.74	1.64	..
Yemen <sup>1</sup>	Total DFID Bilateral Programme	3 874	5 496	11 616	21 545	12 069	19 291
	of which Humanitarian Assistance	-	7	4	-	830	1 710
	Total Bilateral Gross Public Expenditure	3 874	5 496	11 616	21 545	12 279	..
	% of Total Bilateral GPEX	0.15	0.17	0.25	0.42	0.35	..
Afghanistan <sup>1</sup>	Total DFID Bilateral Programme	79 683	79 589	98 430	98 831	108 926	147 455
	of which Humanitarian Assistance	10 401	7 067	3 390	1 613	8 254	19 607
	Total Bilateral Gross Public Expenditure	99 595	98 959	126 949	123 011	146 818	..
	% of Total Bilateral GPEX	3.78	3.08	2.78	2.40	4.17	..
Nepal <sup>1</sup>	Total DFID Bilateral Programme	32 047	35 085	34 188	42 833	54 694	57 999
	of which Humanitarian Assistance	721	808	1 081	962	350	5 596
	Total Bilateral Gross Public Expenditure	32 047	35 285	34 548	46 543	55 274	..
	% of Total Bilateral GPEX	1.22	1.10	0.76	0.91	1.57	..
Pakistan <sup>1</sup>	Total DFID Bilateral Programme	66 240	31 377	97 413	101 118	86 961	119 945
	of which Humanitarian Assistance	308	140	38 849	15 699	7 866	10 775
	Total Bilateral Gross Public Expenditure	66 299	55 278	97 688	118 150	88 145	..
	% of Total Bilateral GPEX	2.52	1.72	2.14	2.31	2.51	..
Cambodia <sup>1</sup>	Total DFID Bilateral Programme	8 508	9 954	13 095	12 433	12 802	17 725
	of which Humanitarian Assistance	176	-	433	541	405	49
	Total Bilateral Gross Public Expenditure	8 508	9 954	13 195	12 468	13 025	..
	% of Total Bilateral GPEX	0.32	0.31	0.29	0.24	0.37	..
Sudan <sup>1</sup>	Total DFID Bilateral Programme	24 663	83 964	117 114	109 862	134 723	105 840
	of which Humanitarian Assistance	21 872	77 904	97 792	83 614	91 245	52 574
	Total Bilateral Gross Public Expenditure	24 663	83 964	117 114	109 917	138 702	..
	% of Total Bilateral GPEX	0.94	2.62	2.56	2.15	3.94	..
Imputed multilateral spend							
Afghanistan		36 668	33 071	31 166	43 897	34 460	
Congo, Dem. Rep. (Zaire)		30 766	29 199	41 584	33 518	35 226	
Ethiopia		21 777	33 279	19 309	79 920	94 186	
Sierra Leone		16 806	5 102	11 895	3 002	8 456	
Nepal		5 436	6 181	4 850	9 530	19 008	
Pakistan		14 787	15 091	58 671	22 675	58 547	
Yemen		2 502	5 323	5 725	7 981	6 673	
Cambodia		5 963	7 691	3 540	8 600	8 927	
Sudan		4 636	15 714	40 487	38 484	25 304	

Extracted from the DFID Annual Report 2008 and 2009



**Table 9. Selected Development Statistics for Countries included in the Synthesis of Fragile State CPEs**

Selected Statistics Indicator	2006							
	Afghanistan	Ethiopia	Cambodia	Nepal	Pakistan	Congo, Dem. Rep.	Sierra Leone	Yemen, Rep.
Population (million)	31	77	14	28	159	61	6	22
HDI index	173	169	131	142	136	168	177	153
GNI per capita, Atlas method (current US\$)	..	190	500	320	790	130	230	770
Primary completion rate, total (% of relevant age group)	..	45.4	86.6	76.0	61.8	..	..	..
Ratio of girls to boys in primary and secondary education (%)	..	80.5	89.2	93.4	77.9	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	2.1	0.9	0.5	0.1	..	1.7	..
Surface area (sq. km)	652,090	1,104,300	181,040	147,180	796,100	2,344,860	71,740	527,970

Source: World Bank web data

**Table 10. Comparative Programme and Administration versus Programme expenditure in the Nine CPE Countries studied 2005/6-2008/9**

	Admin 2005/06 (£000's)	Prog 2005/06 (£000's)	Admin / Prog %	Admin 2006/07 (£000's)	Prog 2006/07 (£000's)	Admin /Prog %	Admin 2007/08 (£000's)	Prog 2007/08 (£000's)	Admin / Prog %	Admin 2008/09 (£000's)	Prog 2008/09 (£000's)	Admin / Prog %
<b>DFID Afghanistan</b>	2,802	94,610	3.0	5,094	96,446	5.3	6,238	108,697	5.7	7,549	129,840	5.8
<b>DFID Cambodia</b>	752	11,995	6.3	1,046	11,326	9.2	905	13,249	6.8	961	15,843	6.0
<b>DFID DRC</b>	1,239	58,832	2.1	3,325	75,251	4.4	3,196	82,711	3.9	4,409	93,892	4.7
<b>DFID Ethiopia</b>	2,307	62,558	3.7	2,910	90,496	3.2	3,151	139,519	2.3	3,510	155,560	2.3
<b>DFID Nepal</b>	1,793	34,188	5.2	1,813	42,833	4.2	2,247	54,694	4.1	2,066	57,999	3.6
<b>DFID Pakistan</b>	2,464	65,592	3.8	2,570	88,803	2.9	3,232	83,305	3.9	3,092	120,895	2.6
<b>DFID Sierra Leone</b>	2,102	33,815	6.2	1,906	37,876	5.0	2,406	51,083	4.7	2,332	46,002	5.1
<b>DFID Sudan</b>	2,549	117,114	2.2	4,146	109,862	3.8	3,607	134,723	2.7	3,767	105,840	3.6
<b>DFID Yemen</b>	-	-		190	21,545	0.9	313	12,069	2.6	552	19,291	2.9

Sources - Admin figures: Aries/Departmental Finance Officers. Programme figures: SID/Departmental Finance Officers. Any variations in figures previously published is a result of new reporting system.

## Annex 2. Terms of Reference

### TERMS OF REFERENCE FOR EVALUATION OF DFID COUNTRY PROGRAMMES - 2008-09

#### Introduction

- 1.1. DFID's performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. Evaluation Department (EvD) carry out four to five Country or Regional Programme Evaluations (CPEs or RPEs) annually. These terms of reference (ToRs) set out the scope of work for the 2008/09 period.
- 1.2. The CPEs provide important accountability and lesson learning functions for DFID. The primary audience for the evaluations is the UK government and DFID senior managers including heads of country offices. All evaluation reports are published externally.
- 1.3. Countries proposed for evaluation in 2008/09 are Afghanistan, Ethiopia, Cambodia, DRC and Sudan. Each evaluation will use the countries' most recent Country Assistance Plan (CAP) or equivalent, and related policy documents. Where the five year evaluation period spans two CAPs, or other strategy documents, the evaluation will relate to both.
- 1.4. While country-led approaches are central to the way that DFID works, socio-political and environmental contexts will influence the progress and form of the development process. The CAPs articulate the country offices' plans for operationalising corporate objectives within the country context, and in most cases they will build upon or reflect the national Poverty Reduction Strategy Paper (PRSP). These plans are therefore the logical starting point for the evaluation.

#### Overarching objectives

- 2.1. The main objectives of the country programme evaluations are to assess:
  - Country strategy and links to poverty outcomes and DFID's corporate objectives
  - Choice of aid instruments
  - DFID's role as a development partner
  - DFID's success in implementing its country strategy
- 2.2. The CPEs will assess the DFID country programmes in terms of standard criteria although these may be customised to a degree for individual studies. The generic evaluation matrix can be seen at Annex A. It is based on DAC evaluation criteria adapted to take account of the fragile states context and considers:
  - The **relevance** of country programme objectives and the logic behind them given domestic policy objectives for poverty reduction, as well as DFID's own corporate level objectives
  - The **effectiveness** of the overall programme in achieving the objectives set out in the country strategy, including DFID's choice of aid instruments, harmonisation with other stakeholders, policy dialogue and influencing

- The **efficiency** with which programme plans are translated into activities, including human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments

And to the extent possible

- **Sustainability** – are the reforms/ changes supported by DFID’s country programme moving in the right direction and are they likely to be sustained? Has local capacity been built? Has transparency and accountability improved?
- **Outcome** – What did the country programme achieve the objectives set? Did the positive outcomes DFID achieved justify the financial and human resources used in the programme?
- **Attribution** – Given the direction of travel and external factors, overall how far did the country programme make a positive contribution to poverty reduction? How good a development partner was DFID?
- The success with which the programmed had mainstreamed the cross-cutting issues of **poverty, gender, HIV/AIDS and environment** into all of its activities. What were the variables influencing the process of inclusion? What was the impact on the achievement of wider programme objectives?
- Ensure that any information collected or evidence produced on multilateral effectiveness in each CPE is highlighted and forwarded to EvD.

### Methodology, Outputs & Timing

3.1. The consultants will produce one study report and executive summary for each country or region. The report shall be approximately 50-60 pages long (excluding annexes) and will include detailed lessons and recommendations. The evaluation summary (EvSum), should be approximately 4 pages, and will include the response from the relevant DFID office/Department, which EvD will obtain.

3.2. The other outputs required from this contract include:

- Inception reports detailing the way in which each individual CPE is to be carried out and showing the customised evaluation matrix.
- A presentation of preliminary findings to country offices before the end of the fieldwork for each study
- A publishable synthesis report pulling together findings across individual CPEs. In 2008/09 this will cover regional programmes and in 2009/10 it will cover fragile states

DFID also requires access to the evaluation team’s interim evidence summaries, e.g. completed matrices, although it is not expected that these should be of publishable quality.

3.3. Each evaluation will involve an ‘inception visit’ and ‘fieldwork mission’. EvD and the consultant team leader will undertake the inception visit. A team of 3-6 consultants will undertake the fieldwork, generally involving up to 3 weeks in country. In some cases the inception phase may be undertaken in the UK and the fieldwork may be organised a little differently given the fragile states focus in this round of countries.

- 3.4. The ‘inception visit’ has four key objectives:
  - i. Ensuring staff in the DFID country office are fully informed about the evaluation, its purpose and how it will work;
  - ii. Ensuring country/ regional office staff have an opportunity to feed in key questions they want the evaluation to address and decide whether they wish to undertake self-evaluation as part of the process
  - iii. Determining the exact nature of the individual evaluation and resolving key methodological / practical issues.
  - iv. Ensuring the evaluation team has access to all relevant contacts - including all those who have worked in the country/ regional programme over the fieldwork period and all relevant partners;
- 3.5. Between the inception visit and fieldwork the consultants will amend the standard evaluation framework for the study to address any country-specific issues raised during the inception visit. An inception report containing this matrix will be signed off by the country office.
- 3.6. If the DFID country office wishes to undertake self-evaluation they will be encouraged to produce a log-frame for the entire country programme (unless this already exists), detailing the logic of their interacting projects and programmes and assessing what has been achieved. If the country office does not undertake this work and there is not clear guiding framework, the evaluation team will attempt to create a similar log frame as part of the evaluation approach.
- 3.7. EvD will provide supporting documentation relevant to each CPE to the consultants in good time. This will include project documentation and relevant documentation about the design, implementation and monitoring/ evaluation of the country/ regional strategy and individual programmes (but not background policy information). Prior to undertaking fieldwork, the evaluation team need to be familiar with the DFID programme, the country context and the full range of DFID policy papers that are relevant to the country programme.
- 3.8. The consultant is responsible for identifying and engaging a team of consultants appropriate to each country context from within their company/ consortium. The team must have good evaluation skills, understanding of DFID and the local context and ability in the languages of the country. The team should cover all the major sectors of the country programme and if possible should include at least one locally based consultant as a full team member. The consultant is responsible for setting up and planning the main field visit. If EVD wish DFID staff members to accompany the consultant CPE team, additional terms of reference specifying the roles and responsibilities will be developed. The planned consultancy team for each of the CPEs covered in this contract is shown at Annex B; it is recognised that there may yet be some changes to this (due to either DFID or the consultants) – particularly for the studies programmed later in the year.
- 3.9. During the main fieldwork the sector specialists and evaluation team leader will interview DFID staff (current and past) and partners (in government, multilaterals, other donors etc.) about all aspects of the programme over the five year evaluation period – using checklists as appropriate. Web based surveys of staff and other stakeholders (e.g. other donors and NGOs) will also be trialled on a pilot basis. The evaluators will

systematically scrutinise the available documentation and supplement this where possible, and then use all evidence gathered to complete the evaluation matrix. One matrix should be completed for each main sector, pillar or thematic area, and the evaluation team leader (and deputy) will use these to compile the final report. Fieldtrips outside the capital city are not a standard part of a CPE but may be used on occasion if applicable. This will be determined during the inception phase for each study.

- 3.10. Before leaving the country the evaluation team should make a presentation to the country office on emerging findings.
  - Within 4 weeks of the fieldwork finishing a high quality draft report of 40-60 pages (excluding annexes and with an Executive Summary) will be submitted to EvD. Following initial checks within EvD this will be sent to the country office and staff there invited to correct any factual errors and make comments. Although country offices may challenge findings they disagree with, and sometimes have additional information to support a claim, EvD will support the evaluation team to ensure that the report remains a true independent evaluation. A second draft report and evaluation summary will be produced taking account of relevant comments. These will be subject to external quality assurance against the criteria shown at Annex C. It is expected that all draft reports submitted will have been checked for typos, formatting errors and consistency of data presented.
  - The Synthesis Report (which in 2009 will focus on fragile states), will be guided by a workshop scheduled for around June 2009 and should be completed by October 2009. It is anticipated that there will be a further meeting between the authors and relevant DFID policy leads to discuss emerging recommendations – perhaps after the first draft report has been produced and considered by DFID. This will assist in building ownership for the synthesis report. The report should be finalised within three months of the date of the workshop – including an Evsum; a follow up dissemination event may be required. Note, during 2008 the synthesis report from the last contract will be produced focusing on regional evaluations.
  - The consultants will work to the strict deadlines set out in Annex D and the timeliness of the delivery of reports is of the essence. Any changes to these deliverables must be agreed in advance with EvD. Team composition and timelines will be agreed prior to commencement of each of the country studies, including the necessity of any follow up visit to the country if major issues remain unresolved. The consultancy should start in April 2008.

### **Competence and Expertise Required**

- 4.1. One consultancy organisation or consortium will be appointed to deliver the outputs described above.
- 4.2. A managing consultant with extensive evaluation experience and a track record of managing country/strategic level evaluations will be required to manage the planning and delivery of the CPEs. This individual will be expected to have strong written and oral communications skills as he/she will play a role in communicating lessons learned both to country programme personnel and to a wider DFID audience.

- 4.3. Each CPE should have a named team leader with expertise in evaluation methodology and monitoring and performance management issues. This must include understanding of the complexities of country programme evaluation. The Team Leader must also have up to date knowledge of DFID policies and performance, planning and data systems. Access to our online systems will be provided. Team Leaders will all have CTC security clearance, and for fragile states, this will be increased to SC clearance,
- 4.4. Each CPE team will be made up of a combined skill set covering governance, economics, social and institutional development and human resource management and the number of team members will be appropriate to the country programme. There is not one model that will work for each country/ region being evaluated, so flexibility in team composition is essential. The team members for each country evaluation will need expertise in evaluation methodology and familiarity with development issues in the CPE countries. They should also have up to date knowledge of DFID policies and systems. Relevant experience in cross-cutting issues like gender mainstreaming, HIV and AIDS and the environment. The team should normally include a strong national/regional component.
- 4.5. The consultancy team will have responsibility for:
  - maintaining ethical standards in implementing the evaluation
  - the timely production of evidence-based conclusions, lessons and recommendations to demanding quality standards
  - managing logistics in country, with support from the DFID country office, to the extent mutually agreed in the respective Inception Visit.

### **Reporting and Dissemination**

The consultants will report to the Country Programme Evaluation Team Leader or the Deputy Programme Manager in DFID Evaluation Department.

Reports will be published and distributed, electronically and in hard copy, to a wide ranging internal and external audience. The consultants should be prepared to present their findings to DFID staff and others as appropriate. Specific dissemination arrangements will be determined on completion of each country report and synthesis.

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## DFID STATEMENT OF PURPOSE

DFID, the Department for International Development: leading the British Government's fight against world poverty. One in six people in the world today, around 1 billion people, live in poverty on less than one dollar a day. In an increasingly interdependent world, many problems – like conflict, crime, pollution and diseases such as HIV and AIDS – are caused or made worse by poverty.

DFID supports long-term programmes to help tackle the underlying causes of poverty. DFID also responds to emergencies, both natural and man-made.

DFID's work forms part of a global promise to:

- halve the number of people living in extreme poverty and hunger
- ensure that all children receive primary education
- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

Together, these form the United Nations' eight 'Millennium Development Goals', with a 2015 deadline. Each of these Goals has its own, measurable, targets.

DFID works in partnership with governments, civil society, the private sector and others. It also works with multilateral institutions, including the World Bank, United Nations agencies and the European Commission.

DFID works directly in over 150 countries worldwide, with a budget of some £5.3 billion in 2006/07. Its headquarters are in London and East Kilbride, near Glasgow.

LONDON  
1 Palace Street  
London  
SW1E 5HE  
UK

GLASGOW  
Abercrombie House  
Eaglesham Road  
East Kilbride  
Glasgow  
G75 8EA  
UK

Tel: +44 (0) 20 7023 0000 Fax: +44 (0) 20 7023 0016  
Website: [www.dfid.gov.uk](http://www.dfid.gov.uk)  
E-mail: [enquiry@dfid.gov.uk](mailto:enquiry@dfid.gov.uk)  
Public Enquiry Point: 0845 300 4100  
If calling from abroad: +44 1355 84 3132