

# Evaluation of DFID's Country Programmes: Russia 2001 to 2005

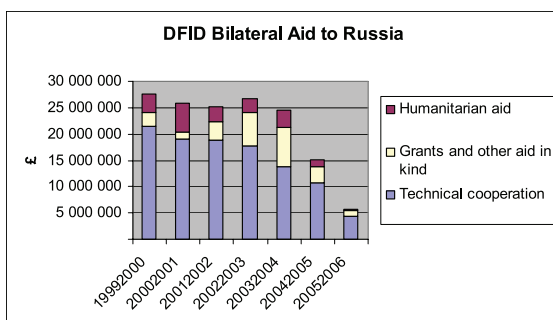
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*DFID were forced to make drastic cuts to the Russia Programme but the Transition Plan of 2004 made a professional job of a very unsatisfactory situation.*

## Context

The Russian Federation is a large, middle income country. The country's turbulent transition during the 1990s led to a high proportion of people in poverty. Rapid economic recovery since 1999 has reduced this substantially, although deep pockets of poverty remain a serious problem.

In 2001 DFID produced the Country Strategy Paper (CSP) to develop a five-year partnership for poverty reduction. In 2003, DFID devolved programme management from its headquarters, setting up office in Moscow. However, in October 2003, before the CSP could be fully implemented, DFID announced cuts and began withdrawing from Russia. Most DFID projects ended and the DFID-Russia office closed in March 2007. DFID retains a small presence in Moscow as part of the Embassy.



## Relevance of the strategy

Russia is very different from DFID's main clients in the Developing World and DFID is a small player. Nonetheless, the 2001 CSP was closely linked to DFID's objective of poverty reduction and borrowed a number of strategic ideas from the DFID mainstream. This could have led to inappropriate interventions. It did not, however, because there was a good case for Russia to deal with poverty and social policy issues; the strategy's foundation was the Russian Government's own economic and social development programme; DFID's small contribution

could be incorporated without distorting Russian priorities; and the strategy had a broad agenda which was implemented responsively to meet local needs and opportunities.

The greatest weakness in DFID's Russian programme was the inconsistency of policy. DFID's inability to make a long-term commitment should have been anticipated and planned for. There was no preparation for the cuts announced in late 2003. In the circumstances, the Transition Plan of January 2004 made a professional job of a very unsatisfactory situation. It made sense to focus the programme strategically and to do so by concentrating on administrative and social reform.

The 2001 strategy did not engage with all DFID's cross-cutting themes but it was not reasonable to expect it to do so. During implementation, DFID gave strong emphasis to HIV/AIDS. This was essentially a DFID priority, rather than a Russian Government one. Nonetheless, there were good arguments for concentrating on the issue and by 2004 it was receiving high level attention in Russia. The price of concentrating on HIV/AIDS was the lost opportunity of encouraging reform of the health sector. In general, however, the strategy made sensible choices, with the exception that there should have been more explicit consideration of gender issues.

DFID correctly concentrated on technical assistance rather than financial aid. By 2001 rising oil prices were generating substantial financial resources for the Russian state. Consequently, DFID's comparative advantage was in providing access to expertise and new ideas.

DFID was right to focus on promoting reform with public sector partners. This remains true even though authoritarian tendencies in parts of the Russian state have become more prominent in recent years. We found continuing strong interest amongst officials and civil society in progressive reforms in the economic and social institutions of

the public sector. This justifies DFID's approach by promising better service delivery and, in the long term, better relationships between the citizen/client and the state. DFID's hopes for strategic influence did not materialise. However, DFID has created influential and effective relationships with project partners at a more technical level.

DFID's strategy gave less priority to strengthening the contribution of civil society. This is an important but difficult area because of the weakness of civil society and because of Government suspicions of links between foreign agencies and Non-Governmental Organisations (NGOs). Nonetheless, DFID's programme does contain some practical examples of building better relations between public sector institutions and NGOs for service delivery. There is an unfinished agenda here which deserves further development.

## Findings

### Partnerships

DFID's decision to focus a lot of effort on partnerships with two regional (oblast) governments was based on an outdated view of the role of regional governments. The recentralisation of the public sector since 1999 means that the uptake of new ideas depends on close interaction between regional and local experimentation and federal policy-making. Federal legislation and sponsorship is the key to sustainability and replication. DFID's programme has supported some worthwhile activities in the two regions but not enough attention was paid to building federal connections at an early stage to improve the prospects of broader impact. DFID's portfolio contains some examples of other approaches that have achieved a wider impact, for example, through the initiative of the Federal Ministry of Finance or effective networking by Russian partners.

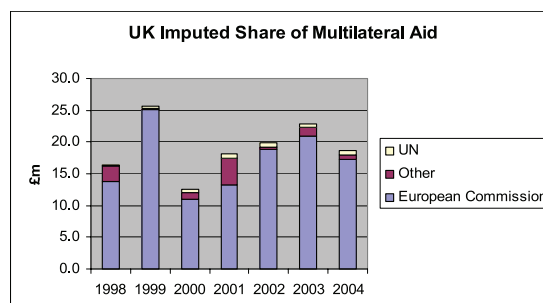
In 2001 DFID felt that it stood a better chance of influencing events at oblast, than at federal level, by supporting a critical mass of projects in two regions. By contrast, some projects have succeeded in gaining practical influence at federal level by providing progressive Russians with access to ideas and other resources, when donor assistance is coordinated effectively.

In general, DFID's partners valued the responsiveness and flexibility shown by DFID in project implementation. Another strength was the growing use of Russian experts, alongside external expertise. This has helped build local capacity and encourage sustainability. However, the abrupt changes in DFID policy in recent years mean that the Russian authorities lack a good understanding of DFID's aims.

DFID's decision to co-finance projects and collaborate on analysis with the World Bank improved the effectiveness of both. The EC's TACIS programme was an important source of development

assistance to Russia but it did not share DFID's focus on reducing poverty. Nonetheless, DFID can take some credit for the attention given by the EC to issues in the social sectors, although implementation was patchy. Beyond that it is hard to discern much DFID influence on the TACIS programme. DFID seconded staff to work in the EC but seems not to have made the most of their potential influence.

## Effectiveness



On the strength of Project Completion Report (PCR) evidence, the Russia programme appears similar in effectiveness to DFID country programmes elsewhere. However, the lack of follow-through, resulting from the cutbacks in the programme, means that there were lost opportunities. Based on a sample of projects, we assess the effectiveness of the main themes of the CSP as follows:

- Russian participation in global institutions.** DFID was right to identify World Trade Organisation (WTO) accession as an area of major importance for Russian reform. This is an area of considerable interest to other donors where it is difficult to attribute results because of the importance of other factors. However, events would probably have happened as they did with or without DFID involvement;
- Capacity of state institutions.** DFID has focused on supporting reforms of public finance and public administration in response to Russian demand. The Regional Finance project, which was co-financed by the World Bank, has produced a sustainable model for reform thanks to a strong lead from the Ministry of Finance and the development of strong local capacity. The Public Administration Project is still a work in progress but the signs are promising and the Donor Secretariat has played an innovative role.
- Social policy.** DFID's social assistance projects had mixed results and have not achieved the broader outcomes that might have been expected because the foundations for replicating the results have not been established. In TB, the common efforts of the Russian government and donors have helped to reduce morbidity. The HIV/AIDS programme suffered badly from the cuts and has shown mixed results. DFID's support for coordination worked well but it failed to maintain its leading role in the controversial area of supporting NGOs to scale up harm reduction work. The planned major bilateral project in that area was cut, although

some small-scale support continued through UN channels. In addition the lack of progress in reforming the health system remained a major obstacle to effective treatment.

- *Livelihood opportunities.* The most interesting and promising work under this heading was in taking forward DFID's long-standing support for agricultural reform. These projects were successful in demonstrating a viable way of tackling the complex problems of sustainable rural improvement and poverty reduction. Moreover, their outcomes are being replicated in other parts of Russia and neighbouring countries.

In general, DFID's activities promoted:

- *new approaches to policy design and implementation;*
- *changes in views and attitudes and innovative ways of thinking;*
- *the development of project management based on the measured achievement of objectives;*
- *the approval of new techniques and demonstration of their effectiveness; and*
- *a positive experience of collaboration between European and Russian experts.*

### **Efficiency**

With hindsight, it made no sense to gear up the programme in 2001 and decide to devolve programme management to Moscow, only to cut it back two years later. Such inconsistencies in policy make for inefficient delivery, particularly because of the high start-up costs (both financial and intangible) of the programme and the new office. That is not to say that DFID-Russia has done a poor job. In the circumstances, the Transition Plan was well prepared and implemented. In fact, the cutbacks improved value for money in a number of projects by forcing a hard look at priorities and encouraging the substitution of local for expensive foreign expertise. In addition, strengthening DFID's capacity in Moscow helped to improve donor coordination and the responsiveness of the programme to local partners.

### **Sustainability and replication**

The key factors for project sustainability are whether their results are well disseminated and rooted in the relevant institutions. Dissemination was included within each project plan but the impact in many is rather small because projects have not yet completed the cycle of innovation. In particular, the stable functioning of new and reformed institutions has not yet been assured. Replication requires a close link between regional, local and federal institutions.

### **Lessons**

DFID needs to base its country strategies on realistic assessments about the prospects for staying engaged long term. DFID's Transition Plan for Russia had the merit of setting clear principles for running

down the programme and DFID deserves credit for sticking to them. A more gradual exit could have yielded greater value from DFID's investments by allowing better planning for departure and providing more scope to reinforce local capacity.

DFID's experience in Russia confirms best practice for development assistance based on partnership. For example:

- *Influence and effectiveness comes through long-term relationships and a degree of opportunism;*
- *Donors must be prepared to commit long-term;*
- *Local leadership is the key to success;*
- *Local experts should play an important role, especially in a context where local human resources are strong; and*
- *External technical inputs continue to have a valuable role throughout the process of developing, introducing and implementing new ideas.*

Sustainability in development initiatives in a federal state like Russia depends on some demonstration at local level and on federal endorsement (e.g. through legislation and funding). A strategy for achieving those linkages needs to be built in to project and programme design.

Cutting budgets is not necessarily a bad thing. If done well, it can promote cost-effectiveness by reducing excessive foreign inputs and encouraging faster localisation. That is particularly true in a case like Russia where local capacity has matured in recent years.

### **Recommendations**

- *DFID needs to base its country strategies on realistic assessments about the prospects for staying engaged long term. A five year strategy should be informed by some explicit expectations about what will happen after that time, and it should include some good contingency planning.*
- *In cases where DFID may end its programme within five to ten years, an exit strategy should be prepared. The exit strategy should base its objectives on the nature of the relationship planned after the programme closes. For example, in countries of strategic importance for achieving DFID's overall objectives, DFID's transition from donor to diplomat needs to be planned in good time.*
- *DFID's country strategies should have a clear focus, as the 2001 Russian CSP did, and should not try to meet all DFID's objectives. Nonetheless, DFID should consider whether greater effort is warranted to ensure that country strategies give explicit consideration to important issues such as gender and the environment and the way in which they will be dealt with, or not dealt with, in the programme.*
- *DFID should ensure that appropriate linkages are made between national, regional and local governments in order to maximise the chances for sustainability and replication of public sector reform and service delivery. This is particularly important in federal countries. DFID should*

*ensure that its choices are based on good analysis of the local situation.*

- *DFID should consider selective follow-up in Russia, focussed on successful projects so that ideas are firmly embedded and replicated. There are opportunities in HIV/AIDS (e.g. further support for national coordination), social assistance and public sector reform.*
- *DFID should consider the potential for using Russian expertise, jointly with UK or other expertise, to help with problem-solving in third countries.*

### **Management response from DFID Russia**

DFID Russia welcomes the Country Programme Evaluation covering the period 2001 to 2005. It provides a comprehensive record and assessment of a period when the Russia programme went through a number of dramatic changes.

The evaluation also provides useful lessons for DFID for countries where programmes may end within the medium term, and where issues such as programme expansion, devolution, middle income country

budget cuts, unpredictable budgets, office closure and exit strategies could be relevant.

We agree with the recommendations in particular in countries where DFID may only operate within a five to ten year horizon, and where country strategies should be informed by explicit expectations and include clear exit strategies.

We welcome the recognition given to DFID Russia for the transition planning and exit implementation.

We are of the view that the evaluators' assessment of the regional work and impact on national policy does not give sufficient credit to the very positive outcomes that were realised.

Also, we are of the opinion that the report does not reflect correctly the degree of difficulty in attempting to influence national policies in a large and diverse country, such as Russia.

However, overall we believe the report is a balanced assessment of a complex programme with a country of high global strategic importance.

## **DEPARTMENT FOR INTERNATIONAL DEVELOPMENT**

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One in five people in the world today, over 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.

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