

Bond Submission to the DFID Bilateral Aid Review

Introduction and summary recommendations

With the global effort to support developing countries to achieve the MDGs some way off track and poor communities supported by aid increasingly demanding accountability for delivering this assistance, there can be no better time for the UK Government to be focussed on improving the scrutiny and development outcomes of its aid. The fact that UK taxpayers are also expressing the need for publicly financed aid to be delivered more effectively only serves to increase the urgency that such efforts are undertaken.

The Bilateral Aid Review (BAR) provides an important opportunity for DFID to take forward this effort. It has the potential to allow DFID to better understand the range of challenges its country programmes face in delivering their assistance more effectively. This country perspective can then, in turn, provide the basis for identifying the policies and practices required to better equip DFID to contribute to development outcomes and improve its accountability.

Bond members therefore welcome the BAR and also the opportunity to feed into this Review, which we hope will lead to closer engagement of Bond members in its remaining phases.

In this submission to the BAR we draw on our extensive experience of implementing development programmes and exploring development challenges. In particular we seek to highlight the importance of the BAR incorporating a focus on the following principles, issues and approaches:

- **Undertake country-led reviews of results bids, gathering of additional analysis and allocation decisions, led by DFID country offices and involving extensive engagement with country governments, civil society organisations and wider stakeholder groups as a central element**
- **Take a broad approach to efficiency, value for money and results, that incorporates a focus on the Paris, Accra and wider aid effectiveness frameworks**
- **Focus on need as the main factor in determining allocations, thereby ensuring the UK's aid is focussed where needs are greatest and most challenging to address**
- **Ensure that any decisions about the future of DFID country programmes are made in consultation with recipients, on the basis of understanding where and on what other donors are focussing their aid and implemented over suitable timeframes**
- **Take a consistent approach to pursuing development results across all its programmes, including where it is working with other parts of the UK government**
- **Take an approach to results that builds on country systems, allows for less tangible and tangible results to be pursued, incorporates long term as well as short term goals, works with attribution challenges and allows for learning and flexibility**

1. Undertake country-led reviews of results bids, gathering of additional analysis and allocation decisions, led by DFID country offices and involving extensive engagement with country governments, civil society organisations and wider stakeholder groups as a central element

1.1 Since its establishment significant efforts have been made within DFID to decentralise its operations to country level, in recognition that it is at this level that country needs can be best understood and responded to and country ownership mostly actively pursued. This decentralisation has extended not just to include day to day programme management but also the process of identifying priority programme activities through extensive outreach to country stakeholders (as has been the practice in developing Country Strategy Papers).

OECD Guidelines on “Strategies for Sustainable Development (2001)”
(Development) Agencies must assume a secondary stakeholder role so that their support strategies are based on and subordinated to the country’s nationally-owned strategy where one exists. Development cooperation agencies need to ensure that their internal procedures and requirements reflect and respond to country needs and do not drive processes in-country (p62)

1.2 It is therefore important that the BAR is undertaken in a manner consistent with the decentralised and country-led manner of DFID’s operations.

1.3 This means that DFID country offices should lead efforts to engage country programme governments, civil society organisations and wider stakeholder groups in verifying and sharing their views on results bids, bringing additional (to the results bids already submitted) analysis and perspectives to the review and the final decision-making process.

1.4 Of course it is legitimate that DFID headquarters has its policy and programme priorities that it is asking country offices to respond to and is demanding better oversight of delivery at the country level. However, it is vital that DFID country offices in consultation with country stakeholders determine the details of how these priorities should be delivered in practice and linked with country efforts.

1.5 Such an approach to the BAR is vital to ensuring that the DFID priorities, allocations and results frameworks that result from the BAR build on country national policies and deepen the capacity of DFID’s country offices to understand and respond to development challenges at the country level.

2. Ensuring that a broad approach to efficiency, value for money and results is taken, that incorporates a focus on the Paris, Accra and wider aid effectiveness frameworks

2.1 DFID’s work through the BAR to better understand cost and efficiency issues at the country level is vital to equipping it to work more effectively in the future. These issues have been somewhat neglected in recent years and it is vital that they are addressed more comprehensively across DFID.

2.2 However, it is important for DFID to appreciate that efforts to understand, for example, the current unit costs for delivering services or the results that can be

achieved in the immediate period in a particular sector only provide it with a static narrow perspective on the context in which it is looking to invest its resources.

- 2.3 In order to develop a dynamic wider perspective on value for money that incorporates a focus on how responsive such programmes will be to country needs and priorities, how sustainable they will be over the long term and how they will contribute to promoting effective aid at the country level DFID needs to understand how its programmes are and will be responding to the Paris Declaration and Accra Agenda for Action aid effectiveness frameworks.
- 2.4 The importance of the Paris and Accra frameworks lies in their highlighting the need for DFID programmes to support country development efforts as best they can in coordination with other donors, as well in promoting accountability and the results focus of aid. Where DFID's programmes fail to support country development processes and institutions, there is a danger that their interventions will not attract local ownership and results will not be sustainable after DFID support ends. Where DFID's programmes are not maximising their opportunities to work with country institutions and other donors, there is a danger their uncoordinated support will add to the bureaucratic burden facing recipients and fail to contribute to significant efficiencies that can be achieved through coordinated and strategic responses to development challenges.

Paris reforms promote efficiency and results in Rwanda's education sector

As a result of significant donor coordination behind a strong Government education policy framework major improvements have occurred in enrolment, efficiency of sector funding, the results focus and accountability. The Ministry of Education has been able to take ownership of education policy, promoting accountability through the system (performance contracts, school committees). Long term predictable resources are now provided to schools for training, materials, accountability systems and facilities, allowing strategic planning of their use and improving teacher motivation. Donors are also coordinating around and helping strengthen a sector results based management system that is developing. All these developments have pushed primary school enrolment to 97% in 2007 and helped bring down repetition rates across the schooling system. [Source "Sector Budget Support in Practice – Case Study: Education Sector in Rwanda", ODI and Mokoro, November 2009]

- 2.5 One of the most significant elements of DFID policy in recent years that has responded to the importance of supporting country-led approaches and coordinating support with others, and also helped contribute to significant development achievements is DFID's use of budget support. We therefore urge DFID to use the BAR to look for opportunities to scale-up its use of budget support.
- 2.6 As evidenced by its experiences over the last decade, DFID's pursuit of aid effectiveness reforms at the country level can help it to leverage similar action by donors it is working with, an added contribution DFID's actions can make to the overall effectiveness of resource use.
- 2.7 The Paris Declaration expires in 2010 and continued momentum to deliver improvements in aid effectiveness will require its reforms to remain a focus of the aid community and efforts to design and agree a new framework of reforms at the OECD's 4th High Level Forum on Aid Effectiveness in South Korea in Nov/Dec 2011.

DFID has a leading role to play in ensuring an ambitious and progressive framework emerges in South Korea, which should then be a core focus of DFID's work.

2.8 Paris, Accra and wider aid effectiveness principles and practices should therefore be both a critical element of decisions made around where and how DFID's resources are best invested and the type of results that DFID country programmes should pursue.

3. Focus on need as the main factor in determining allocations, thereby ensuring the UK's aid is focussed where needs are greatest and most challenging to address

3.1 The countries, sectors and groups facing the most acute development and humanitarian needs are all too often also those where investing aid effectively is most challenging and resource intensive and where results require long-term investment. The challenges faced in fragile and conflict-affected states and in reaching the most marginalised groups (such as women, disabled people, those with HIV/AIDS, indigenous and caste groups, etc) are prime examples of these challenges.

3.2 An approach to value for money and cost effectiveness that looks purely at an equation of where a given amount of DFID's resources is going to deliver maximum results, may well lead to countries, sectors and groups where investments are most costly to be allocated less resources. This will be a perverse outcome for a UK Government department whose mission is to contribute to efforts to improve the welfare of the world's poorest women and men.

3.3 The BAR therefore needs to put development and humanitarian need clearly at the heart of decisions around allocations and ensure that the poorest and most vulnerable countries and women and men are a core focus of DFID's work.

3.4 Of course in regions such as Latin America,¹ Asia and elsewhere there are middle income countries that face significant poverty and inequality challenges.² DFID has a long history of supporting poverty reduction and humanitarian efforts in these countries and it is important that it continues this work.

3.5 We are aware that DFID's response to emergencies and disasters is being dealt with in a separate review. However, the BAR has a vital role to play in better integrating humanitarian and development work at the country level, so that countries can progress effectively from humanitarian crises. This is especially critical given that climate change related disasters are expected to impact an increasing number of people in the coming years.³

¹ See the Bond Latin America Group's submission to this inquiry

² IDS research has recently concluded that ¾ of the world's 1.3 billion poorest people live in middle income countries <http://www.ids.ac.uk/download.cfm?objectid=F1D7952B-DE56-E3B4-B7282EC89A733915>

³ Oxfam estimates that over the next five years the average number of people that will be affected by climate-related disasters alone may increase by over 50 percent, to 375 million per year

4. Ensure that any decisions made about the future of DFID country programmes are made in full consultation with recipients, on the basis of understanding where and on what other donors are focussing their aid and implemented over suitable timeframes

4.1 DFID faces some very significant challenges in deciding which country programmes to prioritise in the future and potentially where it may be best for it to withdraw its assistance. There is a diversity of views on these issues across Bond members and therefore this submission does not take a position on this question.

4.2 Bond members do though urge DFID to take such decisions through full consultation with recipient governments and other bodies being funded, allowing them to respond to reasons being put forward for allocation decisions. In addition, it is important that any withdrawal of funding from a country programme is done with due notice and over a timescale that allows recipients to adjust to these changes.

4.3 Bond members also urge DFID to take allocation decisions based on a strategic and comprehensive understanding of where and on what other donors are focusing their aid so that DFID's decisions do not undermine the global effort to coordinate support for development across the world and ensure no countries are neglected in this effort.

5. Take a consistent approach to pursuing development results across all its programmes, including where it is working with other parts of the UK government

5.1 In some countries and sectors DFID will be doing important collaborative work with other parts of Government on development and in managing aid, especially in the challenging environments of fragile and conflict-affected states. It is vital that a more active pursuit of development results is applied not only to programmes DFID is implementing itself, but also cross-departmental programmes, on which it may be cooperating with other parts of Government.

5.2 Coordination across government should reinforce the poverty-reduction objectives of DFID's activities, working across Whitehall to tackle armed violence, corruption, climate change, capital flight and other obstacles to development for which responsibility for the response to them falls substantially within the remit of other departments. It must not mean skewing DFID's aid footprint towards national security priorities, or orienting the delivery of aid in particular countries towards short-term security objectives, force protection or force multiplication.

6. Take an approach to results that recognises the diverse impacts being pursued, incorporates long term as well as short term goals and allows for learning and flexibility

6.1 It is important that DFID does more to incorporate a focus on results into its corporate operations, in order to improve its effectiveness in supporting development outcomes. A recent review of DFID's evaluation practices identified a need for DFID to make its programmes more evaluable by generating better baseline data and results frameworks. The BAR is aiming to help develop such systems within DFID and to fill this critical gap in its corporate functioning.

6.2 In putting results at the heart of DFID's work it is critical that BAR adopts an approach to that recognises the complex and unique realities facing those investing in

supporting development processes so that its approach to results is fit for purpose. Bond members, based on their extensive experience of implementing development programs on the ground, are keen to highlight the following principles and approaches that should be at the heart of an approach to results taken by the BAR:

- **Build on country results frameworks and systems** – Country results systems and approaches all too often have weaknesses which make their use in monitoring programme performance a challenge. However, significant efforts are being undertaken in many programme countries to develop results frameworks and systems that can provide the basis for accountability to domestic stakeholders, performance management and coordinated donor monitoring. It is important that the results frameworks that emerge from the BAR build on these country approaches to the maximum extent possible.
- **Focus on intangible as well as tangible outcomes** – DFID's efforts to measure its impacts are vital to improving the effectiveness of its support. However, many of the most important impacts DFID is pursuing are often less tangible and hard to quantify, such as empowerment, improved governance, social inclusion and accountability. The pursuit of such impacts must not be neglected in an effort to better measure DFID's achievements and significant efforts need to be made to identify suitable related results for DFID country programs to commit to through the BAR and tools for measuring them.
- **Focus on long term as well as short goals** – Through close monitoring of the impacts its support is having DFID can better understand and respond to the challenges its programmes face. However, some of the most challenging and important development outcomes DFID is pursuing are only likely to emerge over more extended periods of consistent support. This therefore highlights the need to the results frameworks emerging from the BAR to allow for both short term and longer term results to be pursued.
- **Work with and recognise attribution challenges** – Development challenges are best addressed through a web of domestic and external actors working together. As a result it is often difficult to identify the particular contribution of any one actor to development outcomes, posing challenges for DFID in identifying its achievements. These are difficult and frustrating challenges but must be worked with by DFID if it is not to regress into a go-it-alone approach to development that may allow for clearer attribution of impacts but ultimately make the UK's aid less effective.
- **Allow for flexibility and learning** – Establishing results frameworks for DFID country programs to pursue is vital to improving performance incentives and accountability. However, these results frameworks must remain flexible in order to allow for the inevitable learning from implementation and feedback from recipients to be incorporated into future programme approaches.