

Evaluation of DFID's Country Programme: China 2004–2009

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Introduction

S1. This is a summary of the evaluation of DFID's country programme in China between 2004 and 2009. During this period, China's GDP increased by almost 10% per annum, yet in 2007 there were still 14.7 million living in absolute rural poverty, and over 16% of all children not in primary school globally were in China.

DFID's Strategy in China

S2. The evaluation spans two DFID strategy periods: a Country Strategy Paper (CSP) (2002–2005) and a Country Assistance Plan (CAP) (2006–2011). These strategies were relevant to the context of the 10th and 11th Chinese Five Year Plans (FYPs), DFID White Papers, and the UK-China Framework for Engagement. With the benefit of hindsight, the CSP might have included some consideration of China and global development issues and the CAP might have made more of climate change.

S3. The CSP identified the need to address poverty in China's western region. It targeted the MDGs broadly, focusing on improving poor people's education and health. This helped plug gaps in the 10th FYP, which was more growth than poverty oriented. The strategy also contained strong cross-cutting themes on gender equity, social inclusion, and economic and social reform.

S4. The 11th FYP was more poverty oriented and the CAP correctly aligned itself more closely to working with national programmes in support of China achieving the MDGs. There was a greater focus on hard-to-reach MDG targets which had been left behind by China's growth, and on sectors where DFID had comparative advantage: basic education, HIV and AIDS, TB, water resource management, and water supply and sanitation. However, the economic and social

reform and deeper social equity aspects of the CSP programme were sidelined as priorities evolved.

S5. The CAP introduced a highly relevant programme of working with China on mutually important international development issues, focusing on sustainable development, climate change and China's involvement in Africa.

S6. Having a longer than normal CAP period (five years), permitted DFID China (DFIDC) to map out a strategy with a clear evolution of its engagement with China from bilateral aid to dialogue on international development, and gave sufficient advanced warning of the change this implied. China is not enthusiastic about the change, but is pragmatic, acknowledging the reasons for it.

S7. To implement its strategies, DFIDC adopted sound partnerships, particularly with the World Bank, the World Health Organisation (WHO) and the Joint United Nations Programme on HIV and AIDS (UNAIDS). In working with these partners, DFID was able to leverage greater coverage and impact by influencing projects with substantially greater funding than it could mobilise, and through access to well-established policy channels.

S8. The development of a 'blending' aid instrument during the CSP period, in which DFID underwrote World Bank interest rates, was a pragmatic response to China losing its eligibility for concessional loans from the World Bank. It ensured China continued to implement loan projects in social sectors, which DFID could influence through design and supervision. However, blending complicated design processes and exposed DFID to the unfamiliar territory of loan negotiation, and traded-off the level of innovation and poverty focus normal in DFID projects against scale of results.

Results

S9. Evidence from DFID's Annual Review ratings system, documentary review and interviews shows that the programme performed unusually well compared to other DFID country programmes. The evaluation concurs with the view of the International Development Committee (IDC), that 'DFID's programmes in China have been extremely effective'. However, scoring against the CAP performance framework shows only average results, but this is largely due to a poorly designed framework and indicators.

S10. DFIDC has helped China with hard-to-reach MDGs, particularly through good targeting of disadvantaged groups – women, girls and ethnic minorities. Projects have piloted innovative approaches on the ground which, with strong government ownership, have been adopted and scaled-up by provincial and national governments. The MDG projects also helped DFID to understand development in China, build relationships and a reputation with provincial and Beijing government stakeholders, demonstrate DFID's commitment to poverty reduction in China and provide evidence and examples of good practices needed to influence behaviour, thinking and policymaking at central levels in the Chinese government.

S11. The success of the MDG programme relied on strategic partnerships: with the World Bank for rolling-out pilot practices and increasing coverage in poor areas, and with UN agencies where project designs built upon the UN's policy-level access to the Chinese government – particularly in the health sector. Partnerships with civil society organisations were initiated during the CSP period, but discontinued as the focus on working with central government increased. Only in HIV and AIDS was engagement with civil society organisations strengthened; this became instrumental for achieving DFID's strategic goals in this sector.

S12. There were some good gender-related results in individual projects, but gender mainstreaming has not been substantially strengthened since a 2002 gender review.

S13. The Working with China on International Development Issues (WCIDI) programme has

demonstrated both practical, on-the-ground results, as well as policy-level successes. The interplay between practical support and high level inter-governmental dialogue is a key feature of the success. China values DFID's practical support and does not feel it is being lectured at or negotiated with.

S14. The component on China's involvement in Africa ('China-Africa') demonstrates a number of successful initiatives that fall within a broad ambit of 'learning about and sharing information on China in Africa'. The challenge is to demonstrate how these achievements lead to behavioural changes in the way China approaches development in Africa and African countries, and in DFID's work with Chinese organisations in Africa.

S15. The Sustainable Development Dialogue (SDD) component has enabled DFID to achieve results in areas where it has been difficult to make headway using other forms of engagement with Chinese agencies. Work on climate change adaptation and low carbon development contributed significantly to delivering a UK-China strategy on climate change and there is evidence that this has helped shape China's thinking on these issues.

Implementation Processes

S16. To deliver the evolving CAP programme, DFIDC put into place a well-planned and transparent change management process which also mapped out a series of staffing structures around a staff complement declining year-on-year.

S17. DFIDC staff are well-regarded and seen to be effective in dealing with Chinese institutions. However, as WCIDI progresses, more staff need to be equipped with the core competencies necessary for modern diplomacy, policy and political work.

S18. The programme is structured into two distinct programmes and teams – MDG and WCIDI. The separation between the two has widened and potential synergies between them have not been fully realised. The MDG programme has been very successful, but as it approaches completion in 2011, is perceived internally as the less-favoured part of the programme.

S19. The China programme has consistently had higher proportionate administration costs than comparable country programmes in Asia. This is due to the very high cost of maintaining an office in Beijing and by the presence of the WCIDI programme, which is a low-spend, high-staff input programme of dialogue and influencing.

S20. During the CSP period, DFID managed many smaller projects alongside its larger ones. The portfolio now appears to have been streamlined: a few large MDG projects, plus the WCIDI programme. However, there are 83 trust fund sub-projects and 45 WCIDI sub-projects in existence. Transaction costs are thus higher than at first evident as these sub-projects have a hidden demand-pull for advice and administration. They are below the £1 million threshold for routine monitoring, and there is a risk of losing sight of the aggregate purpose and impact of this level of dispersed activity.

S21. Successful development in China requires building a partnership with the Chinese government. This takes time and involves demonstrating added value to gain credibility. DFIDC has demonstrated this: the credibility it has fostered from the MDGs projects with key parts of the government has benefitted the WCIDI programme in intangible ways as DFIDC is now seen as a trusted partner.

S22. DFIDC has forged effective relationships with several other UK government departments, especially the Department for Environment, Food and Rural Affairs (Defra) and the Foreign and Commonwealth Office (FCO).

S23. The example of the UK-China SDD suggests DFIDC is reasonably well prepared for a 'beyond-aid' model: the office has worked competently with a dialogue and influencing model that works to a cross-government agenda, organised around high-level political engagement and linked to on-the-ground sectoral level activity. However, there are areas in which the model needs further refinement, including balancing cross-government and DFID corporate priorities, and maximising internal learning from multiple low-spending activities.

S24. The model is operationally intensive in terms of staffing (Chinese and UK-appointed), yet

entails a relatively low-spend, so corporate performance metrics do not compare well to those of traditional bilateral country programmes.

S25. The evidence for demonstrating DFIDC's success is patchy and the CAP performance framework weak. In the MDG programme, there is a good record of evaluation and review, except in education.

S26. It is not clear that DFIDC has sufficiently reflected on the success factors in the MDG programme. In the WCIDI programme, indicators of success are inconsistent and varied in their relationship to DFID's agency in different influencing processes.

S27. DFIDC has been good at explaining itself and justifying its role in relation to emerging DFID priorities. However, there has been less attention to formal scrutiny of the programme than normal for a DFID country programme. Having a five year CAP has meant that the programme has not been through the formal rigour of a triennial country strategy review. Since 2004, review of the WCIDI programme has only been conducted by DFIDC staff, although an external review is scheduled for 2010.

Recommendations for DFID at the Corporate Level

- The WCIDI programme breaks new ground for DFID in allocating a major resource to engaging with a country in a non-aid, multi-tiered, dialogue-based relationship, which encompasses both practical activities and senior policy-level engagement. This way of working will become increasingly relevant as more countries approach middle income status. DFID should review WCIDI as a case study of investing a major part of a country programme into projectised dialogue and influencing.
- The engagement of DFID's offices in Africa with the China-Africa work is uneven. In order to further raise awareness of China's role in Africa, DFID's Africa Regional Division should incorporate into African country office's plans objectives on engaging effectively with China.

Recommendations for DFID China

- The WCIDI programme should continue as the core element of an on-going DFID programme in China.
- In Africa, China listens to its African partners. The China-Africa component would be strengthened by greater involvement of Africans in its direction. DFIDC should consider establishing an advisory panel composed of African, and possibly UK and Chinese, members to facilitate this.
- The WCIDI programme needs a more clearly-expressed theory of change, leading to an improved logframe and an M&E system for tracking the results from influencing.
- DFIDC should commission a review across the whole MDG programme. This should be both an integrated assessment of remaining gaps, and identification of means for China to address these in the run up to 2015, as well as an opportunity for DFIDC to capture the generic lessons from working with China.
- DFIDC should develop a window within WCIDI, or a parallel trust fund facility, for China to access a very limited amount of on-going specialist technical advice in the MDG areas where DFID has demonstrated a particular advantage, particularly health and HIV and AIDS. This would provide continuity with the MDG programme, and maintain DFID's relationships with key actors in government.

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