

## DFID GUIDANCE NOTE

### THE PARTNERSHIP PRINCIPLES

MARCH 2014

#### Introduction

1. UK conditionality policy is set out in a UK (DFID, FCO and Treasury) Policy Paper launched in March 2005 - '*Partnerships for Poverty Reduction: Rethinking Conditionality*'. This policy is reflected in the 2009 White Paper on International Development<sup>1</sup> which set out the principles on which an effective aid partnership should be based. **An aid partnership means any situation where DFID provides direct bilateral development assistance to (i.e. has a country programme in) a priority country.**
2. This DFID Guidance Note describes the basic features of how DFID intends to implement UK Conditionality Policy as set out in the 2005 UK Policy Paper. It sets out DFID's approach to the Partnership Principles building in lessons learnt from our experience over the past few years of applying conditionality policy to our aid partnerships. It is intended (save where otherwise specifically stated) to provide suggestions on how to approach these issues rather than a hard edged set of rules. This anticipates the flexibility needed so that decisions about aid can be taken, and should be taken, having regard to the particular circumstances surrounding the individual aid decision.
3. This Guidance Note supersedes the previous guidance given in the DFID How-to-Note (May 2009) entitled '*Implementing the UK's Conditionality Policy*' and the Addendum to that Note (June 2013) entitled '*Use of benchmarks to assess and monitor commitment to the Partnership Principles*'. It also supersedes any other guidance relating to benchmarks in the context of conditionality, wherever referred to in guidance or policy documentation.
4. This Guidance Note has five sections and two annexes:
  - I. **The Partnership Principles - Our Approach**
  - II. **Assessing and Monitoring commitment to the Partnership Principles**
  - III. **Deterioration of commitment to the Partnership Principles**
  - IV. **Transparency**
  - V. **Summary Checklist**

**Annex 1 – Guidance on contents of PP assessments**

**Annex 2 – Summary template for PP assessments**

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<sup>1</sup> Eliminating World Poverty: Building our Common Future, July 2009, para 4.20.

## I. THE PARTNERSHIP PRINCIPLES – OUR APPROACH

This section introduces the Partnership Principles and outlines our approach to using them.

5. The four Partnership Principles (PPs) are:

**I. A commitment to reducing poverty and achieving the Millennium Development Goals (MDGs)<sup>2</sup>**

The commitment of the partner government to addressing the enablers and constraints to poverty reduction and progress against the MDGs (and successor goals).

**II. A commitment to respecting human rights and other international obligations<sup>3</sup>**

The commitment of the partner government to respecting human rights, and in particular the economic, social and cultural rights as well as civil and political rights of poor people.

**III. A commitment to strengthening financial management and accountability, and reducing the risk of funds being misused through weak administration or corruption<sup>4</sup>**

The commitment of the partner government to strengthening the management of public finances and fighting corruption.

**IV. A commitment to strengthening domestic accountability<sup>5</sup>**

The commitment of the partner government to enabling people to hold the government and public authorities to account for delivering on their commitments and responsibilities.

6. Our assessment of a government's commitment to the PPs is used to inform and shape our overall strategy for engagement in all countries in which we have an aid partnership.

### ***Country Level Assessments***

7. The PPs are an important part of our decision-making process about the way we provide development assistance within a country with which we have an aid partnership. In particular, our assessment of a partner government's commitment to the PPs is one important factor in influencing the extent to which and the manner in which we work with the government in that country – seeking where appropriate to align our development

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<sup>2</sup> This reflects the role of the MDGs as agreed poverty reduction objectives or outcomes.

<sup>3</sup> The focus here should be on obligations which the partner country has assumed, as is made clear in the 2005 UK Policy Paper at para 5.5.

<sup>4</sup> In some past documents, the wording of this PP has been different. The wording used here is in-line with the 2005 UK Policy Paper on which this Guidance Note is based.

<sup>5</sup> This fourth PP was separated out from the third PP in 2011, as part of the strengthened approach to budget support, reflected in a Technical Note on Implementing DFID's Strengthened Approach to Budget Support (July 2011).

assistance with their strategies and plans, and to work through their systems.

8. The range of ways in which we deliver aid within an aid partnership extends across a spectrum. At one end are delivery mechanisms where we work very closely with government, such as Budget Support. At the other are mechanisms where we do not engage with the partner government at all, for example where we provide funds to a NGO to deliver a particular programme. Along this spectrum sit a variety of delivery mechanisms where we work in some way with the partner government and use their systems but stop short of providing Budget Support. The precise form of support and work with a government should be informed by a range of factors, including a consideration of and judgments about the government's commitment to the PPs.

### **Programme Level**

9. The PPs can also be an important part of our decision-making process about how we manage and monitor individual programmes in the countries in which we work. There is a wide range of ways in which we deliver aid within aid partnerships. The manner in which aid is being delivered is relevant to the extent to which it is necessary to assess a partner government's commitment to the PPs in the context of an individual programme.
10. Because different delivery mechanisms vary in their proximity to partner governments, teams should exercise their judgement on a case-by-case basis to determine what role, if any, the PPs should play in the management and monitoring of individual programmes and should agree upfront with the relevant delegated authority level when the programme is being approved what role the PPs will play with these types of programmes. However, it is likely to be the case that where the chosen delivery mechanism has a high degree of proximity to a partner government, for example where (General or Sector) Budget Support is provided in a country, it will be appropriate to assess commitment to each of the PPs in the context of the management and monitoring of the individual programme notwithstanding the country level assessment.
11. In contrast, where the chosen delivery mechanism has a lower degree of proximity to a partner government, it may be unnecessary to assess commitment to the PPs in the context of the management and monitoring of the individual programme. In the middle of the spectrum, there may be a range of cases where, although it may be appropriate to assess commitment to each of the PPs in the context of the management and monitoring of the individual programme notwithstanding the country level assessment, it may be unnecessary to do this in significant detail.
12. In situations of weak commitment to the PPs or even deteriorating commitment, it may still be appropriate to work closely with partner governments. However, such an assessment should lead teams to

consider with particular care both whether it remains appropriate to work closely with the partner government and also what precise form any such work should take.

13. Similarly, assessment of the PPs can help in determining when working closely with the partner government and using their systems, either in the form of Budget Support or through other types of programmes may become appropriate in the future.
14. **Agreements with Partner Governments** - For programmes where it has been agreed that the PPs are part of the management and monitoring of the programme, DFID should have an agreement with that government that sets out our expectations of them in relation to the PPs. Non-legally binding aid exchanges (Memoranda of Understanding - MoU) should be signed that set out the understanding reached between DFID and the partner government on how we will work together. There are standard DFID MoU templates that can be used. Teams should consult MoU guidance.
15. If Budget Support is being used, then teams should consult the Strengthened Approach to Budget Support (DFID Technical Note, July 2011).
16. **Agreements with Other Donors** - To the extent possible, teams should also work with other donors in country to assess and monitor commitment to the issues covered by the PPs, and jointly interact with the partner government. In some cases, it will be helpful to have an agreement (often termed 'joint memorandum') signed between all donors and the partner government which sets out the 'underlying principles' of the relationship. Where possible, teams should ensure that the 'underlying principles' in joint memoranda are consistent with the PPs, though it is recognised that it may not be possible to ensure that they fully align with the PPs. Signing a joint memorandum of this sort does not preclude the need for a DFID MoU.

### ***Specific Conditions***

17. In some cases it might be helpful to define some specific conditions, relating to one or all of the four PPs. A failure to fulfil these specific conditions would likely demonstrate a lack of commitment to the relevant PP(s). Specific conditions may allow teams to provide clarity and predictability on what would give us confidence that the government's commitment to the PPs remains strong. They can also specify what would constitute a significant deterioration of commitment to any of the PPs. Specific conditions can be attached at the country programme level or at the level of an individual aid instrument.
18. When designing specific conditions, teams should note that experience has shown that it does not work to try to use conditionality to force through policy choices that partner governments do not want. If a partner

government is not committed to any of the PPs, conditions should not be used to try to impose these commitments.

**Box 3 - Specific Condition definition**

A specific condition is an action, circumstance or outcome which is required for committed aid to be disbursed. If the condition is not fulfilled it will likely lead to development assistance being interrupted or suspended.

The indicators to which funding is linked in Performance (or Variable) Tranches (for example in Performance Assessment Frameworks, PAFs), are not considered to be specific conditions. Likewise, with payment-by-results funding mechanisms, the targeted results are not considered to be conditions.

19. To increase the predictability and transparency of our development assistance, it is important to be clear ourselves and with our partners what conditions are attached to our programmes. We should ensure that our government partners understand the potential consequences of a failure to meet a particular condition may affect disbursement – even if other targets or conditions (e.g. at the sector level) are met.
20. Where Budget Support payments are linked to the achievement of pre-agreed results (Payment by Results), the PPs may also apply. Teams should make this clear to the partner government in advance and agree it in writing in the relevant MoU. An underachievement of results, resulting in reduced levels of funding, should not be considered as a deterioration of commitment to the PPs.

## II. ASSESSING AND MONITORING COMMITMENT TO THE PPs

**This section outlines how teams should assess and monitor the commitment of a partner government to the PPs.**

### *Nature of Assessments*

21. There is no one-size-fits-all standard for how we assess a government's commitment to the PPs. Rather than focus on a minimum standard that all countries must satisfy, teams should assess whether there is a credible commitment from the partner government to maintain, strengthen and/or improve their performance against each of the PPs – the 'direction of travel'.
22. In forming a judgement about partner government commitment to each of the four PPs, teams may find it helpful to consider the:
  - i. Results achieved by the government with the resources available - i.e. their track record.
  - ii. Quality and credibility of government plans, including how feasible they are to implement, and how far the government's strategy in practice matches the official written strategy (e.g. budget execution versus approved budget plan).
  - iii. Political interests and incentives for showing strong commitment to the PPs.
  - iv. Long-term trend in commitment, whether improving or deteriorating (in the short term, levels of commitment will fluctuate).
23. Assessing commitment will involve a broad judgment about the particular PP being considered. It is neither possible nor appropriate for teams to seek to resolve or try individual allegations that might be made about the conduct of a foreign government. It is also unlikely to be possible or appropriate for teams to seek to conduct investigations into such allegations. The approach should be to reach a balanced, broad judgement about the credibility of the partner government's commitment to the PP on the basis of the material available to the team.
24. In some circumstances, teams may find it useful to use benchmarks<sup>6</sup> to assess and monitor commitment to the PPs, but in many cases this is unlikely to be appropriate. For example:
  - i. Seeking to negotiate and then monitor performance against benchmarks can create real obstacles to productive discussions with partner governments, shifting focus and effort away from constructive dialogue and ending up being counter-productive;
  - ii. Negotiations with governments can result in weakly formulated, compromise benchmarks that do not necessarily improve our ability to reach a decision about a partner government's commitment to the PPs;

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<sup>6</sup> A benchmark is an indicator (action, process or target) which is adopted by or agreed with the partner government and used to monitor progress against agreed objectives and inform policy dialogue.

- iii. Benchmarks set in advance may be a 'blunt tool' as they may not be able to capture all eventual events or activities that might constitute a weakening of commitment.
- iv. Benchmarks can be misleading as in some situations; indicators relating to some of the issues covered by the PPs may show deteriorations in the short-term before they improve in the medium- to long-term.

Teams should take this context into consideration when deciding whether or not to use benchmarks in assessing commitment to the PPs.

### ***Form, Content and Timing of Assessments***

25. ***Country Level Assessments*** - A written PP assessment should be produced at the country level in all countries where we have an aid partnership. The assessment is of government commitment to each of the PPs in a range of different areas. Teams should use their judgement to determine when the most appropriate time for doing this is, for example when the overall strategy for engagement in a country is being considered.
26. ***At the individual programme level*** - In most circumstances, teams should exercise their judgement on a case-by-case basis to determine what role, if any, the PPs should play in the management and monitoring of individual programmes. If a written PP assessment is judged to be required in the context of the management and monitoring of an individual programme, it is likely to involve much shorter text which may refer back to the lengthier country-level assessment and only provide any new and relevant information that has arisen since or look more closely at information and evidence relevant to assessing commitment in a particular sector.
27. Whether it will be appropriate to assess commitment to each of the PPs in the context of the management and monitoring of individual programmes once they are underway will depend on the extent to which we are working closely with a government and using its systems. However, it is likely to be the case that where (General or Sector) Budget Support is being provided, it will be appropriate to assess commitment to each of the PP in the context of the management and monitoring of the individual programme.
28. Therefore when (General or Sector) Budget Support is being considered in a country, it is likely to be appropriate to update the written PP assessment for use as a key input into the decision-making process. It is likely to also be appropriate to produce an up-to-date summary of the PP assessment as part of the Strategic Case for every Business Case of a new Budget Support programme. Finally, it is likely to be appropriate, before making annual commitments and before every disbursement of (General or Sector) Budget Support (including situations in which annual commitments, with more regular disbursements, have been approved - e.g. quarterly tranches of General Budget Support), for teams to provide written assurance (to the relevant delegated authority level) that there remains evidence of a credible commitment of the partner government

across the four PPs, and therefore that Budget Support remains appropriate. Teams should use their judgement to determine how this assurance should look.

29. For other programmes, whether it will be appropriate to produce a written PP assessment as an input into the decision-making process will depend on the extent to which we plan to work closely with a government and use its systems. This should be considered and a decision reached at the relevant delegated authority level on the extent to which the PPs should be part of the management and monitoring process for this programme.
30. Teams should use their judgement to decide on the content, format, and length of a written PP assessment. A relevant factor here may be the degree of proximity in which we are working to the partner government. However:
  - i. PP assessments should include a short summary of the assessment using the template provided in **Annex 2**.
  - ii. For each of the four PPs, **Annex 1** contains some key areas that teams may find helpful to take into account when preparing their PP assessments. Teams are encouraged to use Annex 1 as a guide, but should include what is most appropriate in their case.
31. PP assessments should be based to the extent possible and reasonable on up-to-date material from a wide range of sources. Internal and external analysis is likely to be useful in making the assessments of the commitment of the partner government to the PPs.
32. Where possible, teams should ensure that they work in collaboration with other parts of HM Government including the Foreign and Commonwealth Office (FCO) and the Ministry of Defence when doing assessments and in forming judgements about commitment to the PPs, as well as when determining how to respond to assessments.

### III. DETERIORATION OF COMMITMENT TO THE PARTNERSHIP PRINCIPLES

**This Section outlines our approach when we have concerns about commitment to the PPs**

33. The judgement of whether commitment to any of the PPs is deteriorating should take a long-term perspective. This should be supported by an analysis of the underlying drivers of what has happened, and information gained through discussions with government and non-state actors as appropriate.
34. Where possible, it might be appropriate to agree a process with the partner government in advance in order to have a joint understanding of the potential implications of a deterioration in commitment to any of the PPs in that particular country context.
35. Wherever possible, teams should aim to have a substantial period of assessment and discussion with the partner government to determine whether a deterioration of commitment to any of the PPs has occurred. Monitoring should provide opportunities to identify possible areas of concern and raise them early with the partner government. Early discussions with the partner government will enable us to explain our concerns, better understand the government's position and rationale, explain possible implications of the situation for the amount of development assistance we deliver and/or the way we deliver it and seek solutions.
36. In all cases where we have concerns, before taking a decision we should seek to talk the issues through with partner government as part of an ongoing robust political dialogue which involves working together with other HM Government departments (e.g. FCO) as appropriate.
37. Experience has shown that a joint donor response to any concern can often be beneficial. Wherever possible, we should agree common approaches with other donors.

#### ***Response to a deterioration in commitment to the PPs***

38. Teams should respond proportionately to a perceived deterioration in commitment to any of the PPs. There are a range of possible responses which include, but are not limited to:
  - Signalling a possible future response
  - Delaying all or part of a specific disbursement to government
  - Changing the way we deliver our development assistance to government, for example moving from General to Sector Budget Supporting, or using more safeguards to our funds
  - Reducing support to government, perhaps switching some or all of our development assistance away from government to non-government channels

- Stopping development assistance to the government and/or to the country
39. The more serious the deterioration in commitment, the more likely it is that the appropriate response will involve a reduction of the partner government's responsibility and authority over aid resources. The responses could relate to future development assistance commitments or to in-year disbursements of a particular commitment. Judgements will need to be made, for example about the balance between the case for an urgent response and the case for predictable funding.
40. Decisions to cut back aid, or change the form in which it is given should not be made on the basis of a predetermined formula. Decisions should be based on a careful review of case-by-case evidence and teams should use the overall assessment of progress against each of the PPs as a basis for discussions with the partner government and to inform decisions about how to respond.
41. The appropriate response will depend on factors which include:
- The seriousness of the specific events and the circumstances surrounding them that have led to deterioration in commitment to any of the PPs. In particular teams should consider the scale, severity and where possible trend of the change.
  - The impact that any decision will have on poor people and longer term poverty reduction efforts.
  - The cause(s) of the deterioration of commitment. For example, a response to problems with public financial management might lead to DFID using non-Budget Support programmes which involve more earmarking of funds.
42. Where appropriate, a recommended response should take account of whether it is our own mechanisms or the partner country's that uncover evidence of a deterioration of commitment. If the context in a country is one of improving systems and stronger accountability institutions, then more discovery of corruption, for example, might be expected and a sign that the improvements to the systems are working.
43. Recommendations about how to respond to deterioration in commitment to any of the PPs, and whether to interrupt development assistance because of this, should be referred to Ministers to make decisions.

## IV. TRANSPARENCY

**This section outlines how we should, if possible and appropriate, be transparent in the use and application of the PPs. Teams should refer to DFID guidance on publication and should publish in local languages wherever possible.**

44. Country level PP assessments should not be routinely published. In some circumstances, it may be appropriate to publish standalone full assessments of the PPs. Decisions on publication and steps for doing this (e.g. agreeing the assessments with partner governments), and the most appropriate way to publish, should be taken on a case-by-case basis and agreed with the relevant delegated authority level.

45. Where we have decided to use the PPs for management and monitoring of individual programmes, it is important to reach an understanding with partner governments that our relationship is based on a commitment to each of the four PPs. In order to do this, teams may find it useful to communicate to partner governments and their citizens through a structured and transparent dialogue:

- that a deterioration in commitment to any of the PPs might lead to development assistance being interrupted, reduced, suspended, or delivered in a different way;
- what, if any, specific conditions are attached to our country programme to underpin these commitments – and what the process of decision-making process has been on these conditions.
- how we will assess progress on each of the four PPs;
- how decisions will be taken to reduce or interrupt development assistance.

46. Business Cases are published externally by DFID. For programmes where we have decided to use the PPs for management and monitoring, Business Cases should generally include:

- i. A summary of a PP assessment (in the Strategic Case). There is no standard format for this assessment, but it should provide evidence of the extent of government commitment to each of the PPs.
- ii. The processes for assessing and monitoring progress against each of the four PPs and any specific conditions (in the Management Case).

Teams should refer to the DFID guidance on Business Cases.

47. Annual Reviews and Project Completion Reviews are published externally by DFID. For programmes where we have decided to use the PPs for management and monitoring, should, generally include an assessment of commitment to the PPs, including any concerns that have occurred over the year, the partner government's response, and details of any response by us. Teams should refer to the DFID guidance on reviewing projects.

48. All formal agreements with partner governments (e.g. Memoranda of Understanding) should be published along with the relevant Business Case.

49. Changes to programmes as a result of a deterioration of commitment to the PPs, or specific conditions not being met, will continue to be published in the DFID Annual Report. Teams should provide at the appropriate time all cases where development assistance has been interrupted or changed (i.e. reduced from the level originally committed) because of a deterioration in commitment to any of the PPs (including of specific conditions). Teams should note:

- Where the disbursement of funds is linked to the achievement of specific targets in Performance Assessment Frameworks (PAFs) (in Performance Tranches), and where those funds are attached to actions judged by the Country Team to be fundamental to demonstrating a partner government's continued commitment to the PPs, and the partner government fails to implement those actions, it should be reported in the DFID Annual Report.
- Where funds are attached to the achievement of particular results (through payment by results instruments), a failure to achieve the expected level of results would not need to be reported in the DFID Annual Report.

50. As part of DFID's commitment to transparency surrounding the conditions attached to our programmes, when entering programme details into ARIES, teams should ensure that the field asking if there are any conditions attached to the programme is ticked for all Budget Support programmes and other programmes as appropriate. The PPs, and any specific conditions (see above definition), are both considered to be conditions.

## V. SUMMARY CHECKLIST

**This is a checklist of actions that teams should consider after reading the guidance**

- A. A country level PP assessment should be produced in all countries where we deliver aid as part of an aid partnership. It should be used as one factor to inform and shape our overall strategy for engagement in the country. Teams should use their judgement to determine when the most appropriate time for producing a PP assessment is. The written PP assessment should include a summary table in the format of Annex 2.
- B. Because different delivery mechanisms vary in their proximity to partner governments, teams should exercise their judgement on a case-by-case basis to determine what role, if any, the PPs should play in the management and monitoring of individual programmes and should agree upfront with the relevant delegated authority level when the programme is being approved what role the PPs will play with these types of programmes.
- C. It is likely to be the case that where the chosen delivery mechanism has a high degree of proximity to a partner government, for example where (General or Sector) Budget Support is provided in a country, it will be appropriate to assess commitment to each of the PPs in the context of the management and monitoring of the individual programme.
- D. Where the chosen delivery mechanism has a low degree of proximity to a partner government, it may be unnecessary to assess commitment to the PPs in the context of the management and monitoring of the individual programme.
- E. If a written PP assessment is judged to be required in the context of the management and monitoring of an individual programme, it is likely to involve much shorter text which may refer back to the lengthier country-level assessment and only provide any new and relevant information that has arisen since or look more closely at information and evidence relevant to assessing commitment in a particular sector.
- F. Transparency:
  - i. Business Cases, Annual Reviews, and Project Completion Reviews for programmes where we have decided to use the PPs for management and monitoring should [generally/save in exceptional circumstances] include an assessment of the PPs per this guidance note and the relevant other guidance.
  - ii. All formal agreements with partner governments (e.g. MoUs) should be published alongside Business Cases.
  - iii. Changes to programmes as a result of a deterioration of commitment to any of the PPs should be notified to FCPD for publication each year in the DFID Annual Report.

## ANNEX 1 – Guidance on Contents of PP Assessments

There is no standard format for a written assessment of the partner government's commitment to the PPs (though every assessment should be accompanied by a summary table using the template in Annex 2). Teams should use their judgement to decide on the format, length and contents of the assessment. For each of the four PPs, this annex contains some key areas that teams are encouraged to take into account when preparing their PP assessments. The list of contents in this annex is not mandatory - teams are encouraged to use this annex as a guide, but should use their judgement to include what is most appropriate in their case.

The DFID Country Poverty Reduction Diagnostic (CPRD) tool (January 2014) can be used as one input into this analysis. The contents in this Annex are consistent with the tool.

The PPs are inter-related and mutually reinforcing, and should be cross referenced where appropriate. For instance, assessment of commitment to human rights will include drawing on assessment of PPs 1 and 4. International indicators are suggested below, but other country-based data will also be relevant in judging long-term trends.

### **PP 1 – Commitment to reducing poverty and achieving the Millennium Development Goals**

In assessing PP1, it is important to consider the extent to which public commitments to poverty reduction and the MDGs (and successor frameworks) are translated into actions and outcomes.

Teams may find it helpful to consider how effective the partner government is at addressing the enablers and constraints to poverty reduction and progress against the MDGs. The assessment could include the headline progress on poverty reduction and the MDGs, as well as a consideration of how the partner government demonstrates commitment to:

- sustained economic growth;
- growth that is inclusive and that translates into progress for the poor and excluded;
- delivery of essential public services, and
- measures that address the barriers that exclude people from access and opportunity, including gender and other forms of discrimination.

The following broad areas may be covered:

- Headlines on poverty reduction and MDGs: assessment of the international purchasing power parity [PPP] poverty line and the human development index. Progress against the MDGs, including disparities.

- Distributional impact of growth, government expenditure and revenue raising policies and practices, across regions, income and social groups.
- Commitment to sustained and robust growth, demonstrated through macroeconomic stability.
- Commitment to achieving self-sustaining public finances, demonstrated through progress in tax reform and widening of tax base.
- Commitment to delivering essential public services across the population, drawing on indicators on budget allocations and spend.
- Commitment to policymaking based on evidence, including distribution analysis.

## **PP II – Commitment to respecting human rights and other international obligations**

### **HUMAN RIGHTS**

In assessing the human rights situation, we should aim to achieve a balanced overview of government action and outcomes across the full range of human rights, including civil, political, social, economic and cultural rights. It will be important to recognise that progress may not be uniform across all areas of human rights and progress in one or several areas may co-exist with areas of concern or deterioration in others.

Economic and social rights are covered to a large extent under assessment of PP 1 (commitment to poverty reduction and the MDGs). Some dimensions of rights (e.g., relating to civil society, access to information and transparency) are addressed under PPs 3 and 4. Assessment of the human rights PP should cross-reference relevant areas of these PP assessments. It should also be based on a broader assessment of civil and political rights including, for example, government response to the exercise of rights to freedom of association, expression and religion or belief and deeper consideration of relevant cross-cutting human rights issues, for example discrimination against particular groups. The weight given to particular issues and areas will depend on country context.

The following list provides suggestions for broad areas to be covered and useful data sources. In addition to international sources listed, national government and local non-governmental data could be used where it is reliable.

- Economic and social rights: assessed largely through the first partnership principle (e.g., the international purchasing power parity [PPP] poverty line; position and trends on Human Development Index; overview of achievement of MDGs including disparities). Assessment should consider whether the state is *progressively realising economic and social rights within its available resources*, in line with international human rights obligations – e.g., whether social sector budgets are

increasing year on year and progressing towards international targets – as well as implementation and reach of service delivery.

- Non-discrimination: Ranking on the Gender Inequality Index; available data on VAWG; maternal mortality or other pertinent indicator of the status of women; key available international and national disaggregated data to highlight key geographical and social inequalities, for example UNICEF data on children, DHS data on people with disabilities, and ethnic groups.
- Civil and political rights: Freedom House ranking on civil rights and political rights. If this is not acceptable or appropriate CIRI can be used. Report on elections, if held. Key issues from reports (e.g. FCO) including torture or extra-judicial killings, unlawful arrests of political opponents, restrictions on media freedom, political space for CSOs and restrictions on freedom of association, expression, political participation and religion or belief, and the extent to which the state protects individuals and groups against human rights abuses.
- Read out from Universal Periodic Review if available – indicating recommendations declined and extent to which recommendations accepted have been implemented.
- Human rights monitoring – strength of domestic monitoring institutions (eg National Human Rights Institutions, parliamentary committees) and extent to which independent monitoring of human rights allowed (e.g., UN monitoring missions).

## **OTHER INTERNATIONAL OBLIGATIONS**

Adherence to international laws regarding humanitarian action and to promote peace and stability throughout the country and within the region. COs may wish to consider a government's position in relation to other international obligations that are particularly relevant to human rights, for example peace and security in that country.

Teams should note that the DFID How to Note (Sept 2009) entitled '*A Practical Guide to assessing and monitoring Human Rights in Country Programmes*' is no longer live and should not be used.<sup>7</sup>

## **PP III – Commitment to Strengthening financial management and accountability, and reducing the risk of funds being misused through weak administration or corruption**

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<sup>7</sup> In addition to the 2005 Policy Paper, there may be obligations under the UK Human Rights Act to consider. The applicability of this Act is under review, and teams should consult legal advice where they think it may apply to their situation.

PP 3 is based on an understanding of current arrangements and how they work in practice to support open, transparent and effective public financial management, the overall trajectory of change and plans for improvements.

DFID Fiduciary Risk Assessments (FRAs) are a key tool that can be used to assess the credibility of the partner government's commitment to elements of the third and fourth PPs. Specifically they help us to assess and monitor partner government commitment to improving PFM, strengthening domestic financial accountability, and fighting corruption.

## **STRENGTHENING FINANCIAL MANAGEMENT**

For judging a government's commitment to PFM reform, teams can consider:

- assessments of PFM; and
  - the credibility of the government's PFM reform programme
- In assessing PFM, the Public Expenditure and Financial Accountability (PEFA) Performance Measurement Framework is the acknowledged standard for national level assessments, and one of the main quantitative sources about the quality of PFM systems (including revenue administration). The PEFA framework is also being used to carry out assessment at the sub-national level and supplementary guidelines have been issued to help practitioners apply it at this level.

There are a range of other diagnostic tools and other sources that can also be referred to, some of which focus on particular aspects of PFM. They include:

- the DFID Fiduciary Risk Assessment, including annual statements of progress
- reports from the government's own framework for monitoring PFM reform where these arrangements exist
- as part of DFID annual programme monitoring arrangements, the business case and logframe should provide information to form the basis of assessing progress
- a number of different assessments carried out by the World Bank and/or the International Monetary Fund:
  - Country Financial Accountability Assessment (CFAA)
  - Country Procurement Assessment Review (CPAR)
  - Debt Management Performance Assessment (DeMPA)
  - the IMF's Article IV reports and Fiscal Transparency Assessments<sup>8</sup>
  - Public Expenditure Review (PER)
  - Public Expenditure Tracking Surveys (PETS)
- the Open Budget Survey measures of budget transparency and accountability
- reports issued by Supreme Audit Institutions, which may highlight weaknesses in the overall or parts of the PFM system
- Annual Audited Statements
- Due Diligence Assessments

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<sup>8</sup> The Fiscal Transparent Assessment is the IMF's new instrument for evaluating countries' fiscal transparency practices based on a revised draft of the IMF's Fiscal Transparency Code (FTC).

### **DFID's good practice principles for PFM reform**

You may find DFID's eight good practice principles for PFM reform useful to assist in the assessment of credibility and progress. PEFA and other analysis will tell us how far the government is working towards the following:

1. A clear set of rules governs the government's budget setting and execution processes
2. Budgetary (including realistic fiscal forecasts and fully costed expenditures):
  - comprehensiveness
  - transparency
  - and accountability (including through effective legislative oversight)
3. Budget supports pro-poor strategies
4. Budget is a reliable guide to actual revenue and expenditure
5. Expenditure within the year is monitored and controlled
6. Government carries out procurement in line with principles of PFM and transparency
7. Comprehensive and timely accounting and reporting of expenditure
8. Independent scrutiny of revenue and expenditure

### **Credibility of government commitment to strengthen financial management and accountability**

In assessing this, factors can include:

- *Be government led*: is there full political ownership of and engagement in the programme and the monitoring of progress?
- *Be relevant and sustainable*: Have PFM reforms been adapted to the specific country context? Are they avoiding over-reliance on external technical assistance?
- *Integrated programme*: Have individual measures of improvement been set within a comprehensive framework and been sequenced on a logical basis?
- *Be realistic and achievable*: Are PFM reforms based primarily on local capacity? Has an appropriate timeframe been set?
- *Focus on developing local capacity*: Was capacity development considered from the outset and is it a central component of the programme?
- *Include specific performance indicators*: with effective monitoring and evaluation against relevant targets and milestones

## **FIGHTING CORRUPTION**

This assessment should look at corruption trends and the credibility of government action against corruption. Some suggestions that teams may find helpful to consider where appropriate are provided below:

### Anti Corruption Trends

- **National corruption trends** estimated through multi-year changes in scores on the World Bank Control of Corruption Index.

- **Sector level trends** can be assessed in areas where financial aid will be targeted, for example health and education. This can be done by looking at sector level information such as trends in audit findings, expenditure surveys, Global Corruption Barometer and / or Afrobarometer surveys (both which report experiences of corruption when encountering government services).

### **Credibility of government commitment to tackle corruption**

In assessing this, factors can include:

- *Compliance with international standards*: has the government signed and ratified UNCAC, and is it remedying deficiencies in compliance with UNCAC and international anti-money laundering standards (as assessed by the Financial Action Task Force)?
- *Strategy*: does the government have a credible strategic approach to tackling corruption, as evidenced by clear institutional arrangements, with specific and time-bound objectives?
- *Institutions*: how far, both in theory and in practice, are the supreme audit institution and anti-corruption agency(ies) protected from political interference and do they have sufficient powers/resources to carry out their mandates? How far does the legislature oversee the expenditure of public funds? Have these changed in recent years? What is the trajectory of change in regard to the level of perceived impunity of public officials (elected and non-elected) towards corruption?
- *Action*: what is the trajectory of change in regard to action (both criminal prosecution or administrative sanctions) against public officials for corruption? What proportion of reports received by the anti-corruption agency are addressed, and in what time frame? How responsive is government to addressing donor corruption concerns (eg corruption cases involving donor funds)? How far does the government act on recommendations of the audit agency? Are these on improving or declining trends?
- *Public action, information and media*: Are anti-corruption/good governance/ethics & integrity NGOs able to operate freely, and is the media able to report on corruption? Have these changed recently?

## **PP IV – Commitment to Strengthening Domestic Accountability**

Accountability is about whether relationships between citizens and power holders and across public bodies ensure power is not abused, answers are provided and appropriate penalties are enforced.

Domestic accountability includes:

- **Accountability between people and their representatives** (e.g., through elections and political participation, as well as through the media, civil society organisations and lobbying groups and popular mobilisation).

- **Accountability across and amongst different parts of government:** (e.g., intra-governmental control and scrutiny mechanisms between the legislature, the executive and the judiciary, as well as through special bodies such as the Office of the Auditor General, Ombudsman, human rights commissions etc.)
- **Direct forms of accountability** (often called social accountability) i.e., direct engagement between ordinary people and state institutions (e.g. through direct citizen engagement with service providers, participation in budget and planning processes at various levels etc and oversight of decisions and actions).

Some dimensions of domestic accountability, including government transparency and relevant rights such as rights to participation and information, are addressed in PPs 2 and 3. These should be cross-referenced here. Assessment of this PP is based on review of the extent to which current and proposed accountability institutions, incentives and practices ensure that officials and representatives are accountable to citizens.

The following list provides suggestions for issues to be covered and useful data sources.

- Formal accountability institutions including Parliament, ombudsmen, audit institutions and the judiciary: Bertelsmann Transformation Index (e.g., Q 3.2 Independent Judiciary); Afro-Barometer survey results; EIU Democracy Index; International Institute for Democracy and Elections country reports.
- Elections – whether elections are free from violence, reflecting the will of the people and credible (evidence can be gathered from, for example, election observer and media reports).
- Transparency – whether government makes available and accessible to citizens relevant information – e.g. government policies, budgets and accounts – see PP3 above; Global Integrity Index and country reports; existence of legal provisions guaranteeing access to information. The extent to which the government is a member of, or is eligible to be a member of, the Open Government Partnership (OGP).
- Media, civil society and citizen engagement – whether government provides opportunities for a broad range of citizens and those representing them to engage on the development of policy and the way in which public resources are used (including planning, implementation and monitoring). Citizens are empowered to use information and there is evidence of government responsiveness to public expectations, answerability and enforceability – and policies (formulation and implementation) are more pro-poor and inclusive; CIVICUS civil society index; 2010 EIU Democracy Index's Civil Liberties sub-indicator; World Press Freedom Index and regional and country reports.

## ANNEX 2 – Summary PP Assessment Template

This table summarises data and analysis provided in the full PP assessment – **MAXIMUM 2 PAGES**

|   | Summary of evidence of commitment and direction of travel | DFID judgement on whether a credible commitment to the PP is in place and the direction of travel |
|---|---|---|
| PP 1<br>Poverty reduction and the MDGs  |   |   |
| PP 2<br>Respecting human rights and other international obligations   |   |   |
| PP 3<br>Strengthening financial management and accountability, and reducing the risk of funds being misused through weak administration or corruption |   |   |
| PP 4<br>Strengthening domestic accountability   |   |   |
| Overall assessment across the four PPs  |   |   |