

Annex C. Field visits to Kenya and Jordan

As part of the DAC peer review of the United Kingdom, a team of reviewers, observers and the OECD Secretariat visited Kenya and Jordan in November 2019 to gather input from the United Kingdom's development co-operation staff and partners. Meetings were held with High Commission and British Embassy staff, Kenyan and Jordanian government officials, multilateral organisations, other bilateral donors and representatives of British, Kenyan and Jordanian businesses and civil society organisations.

The development context in Kenya and Jordan

Kenya is a fast-growing economy with regional disparities and high levels of corruption

Kenya has made significant reforms that have driven sustained economic growth and social development. With average growth in gross domestic product above 5% over the last decade and a dynamic private sector, Kenya is one of the fastest-growing economies in sub-Saharan Africa and a champion of the East Africa Community. Economic growth has helped to improve health and education outcomes and reduce the poverty rate from 46.8% in 2005 to 36.1% in 2015. Nevertheless, the absolute number of poor people has remained stable over the last decade – at around 16 million – and disparities are high. In the arid and semi-arid lands which are more exposed to conflict, poverty rates can reach 79%. Following the 2007-08 post-election violence, the 2010 Constitution introduced an ongoing devolution agenda and a framework to protect rights and equal opportunities. High levels of corruption,¹ vulnerability to climate change as well as ethnic-based and regional conflicts continue to constrain development.

Jordan has a stressed economy and is grappling with a large influx of refugees

The global financial crises, the Arab Spring and the Syria crisis have taken a toll on Jordan's development. Jordan's economy is among the smallest in the Middle East, with limited supplies of water, oil and other natural resources underlying the government's heavy reliance on foreign assistance.² Other economic challenges for the government include high national debt and chronically high rates of unemployment, reaching 19% in 2019. Jordan is directly affected by the influx of refugees from Syria. Since 2011, Jordan has hosted the second highest share of refugees per capita in the world (after Lebanon), with around 10%

of the Jordanian population comprising refugees. This puts Jordan at the heart of finding new ways to deal with displacement crises.

Towards a comprehensive United Kingdom development effort

Long-standing partnerships with businesses and people in Kenya

The fourth largest donor in Kenya (Figure C.1), and a key historical partner, the United Kingdom has developed a unified government vision that takes a long-term perspective towards sustainable development in Kenya, recognising Kenya as a relatively stable power in a turbulent neighbourhood. With 200 000 people of Kenyan descent living in the United Kingdom, 30 000 British citizens living in Kenya, 200 British companies active in the country and 100 000 British tourists travelling to Kenya each year, bilateral relationships cover areas such as trade, investment, defence and security, anti-piracy, counter-terrorism and climate change. For instance, the United Kingdom is using its military base in Kenya to train Kenyan soldiers to support security in the region. In the trade and investment sectors, the High Commission takes care to distinguish between supporting British investors and supporting the investment environment in Kenya. In particular, the United Kingdom has launched a Business Integrity Initiative that provides services for British and Kenyan companies in order to help them tackle corruption. Department for International Trade (DIT) officials based in the Kenya High Commission are funded by both official development assistance (ODA) and non-ODA resources to reflect the benefits for both Kenya and the United Kingdom.

Supporting Jordan's resilience

Building on historical ties and a strategic presence in the region, the United Kingdom renewed its development partnerships with Jordan after the Syria crisis in order to strengthen the resilience of the country. Committed at the highest level,³ the United Kingdom has successfully rallied the international community behind both the Jordan Compact⁴ and Jordan's ambitious reform agenda set out in the London Initiative, which focuses on inclusive economic growth, macro-economic and fiscal stability, as well as an enabling business environment. Recognising the value of leverage and influence in a country where the development programme is resuming and the United Kingdom does not rank among the largest donors (Figure C.2), the United Kingdom engages closely with other development partners, and draws on the insights of others to influence policy and refine programmes. The United Kingdom is also a key partner for Jordan in strengthening its policing, defence and judiciary systems.

The United Kingdom's policies, strategies and aid allocation

The United Kingdom prioritises those left behind, regardless of their status

The United Kingdom's strategy in Kenya reflects a solid understanding of the country's needs as well as the donor landscape in the country. This has enabled the British High Commission to identify areas where the United Kingdom can add value. In particular, efforts to map the geographic localisation of programmes against where the poorest and excluded people live have triggered critical reflection about who has benefitted from the Department for International Development (DFID)'s interventions in recent years. The United Kingdom focuses its social sector support in the poorest region of Kenya and its prosperity agenda in the most dynamic areas. The United Kingdom notably prioritises:

- economic development through job creation and stimulating investment by improving the business environment

- basic services and building resilience to crises through investing in the health sector, assisting people during drought and conflict, and improving the government's ability to respond to humanitarian crises
- building stability and institutions by improving government systems and accountability, tackling corruption and reducing conflict and the risks of radicalisation, and ensuring the government can take on financing and managing poverty reduction programmes without relying on external aid.

In the past, the Kenya programme had a stronger focus on climate change. Following a period which saw a reduction in bilateral programming and staff to address climate and environment issues, the United Kingdom is again strengthening its capacity, funding and analysis in these areas.

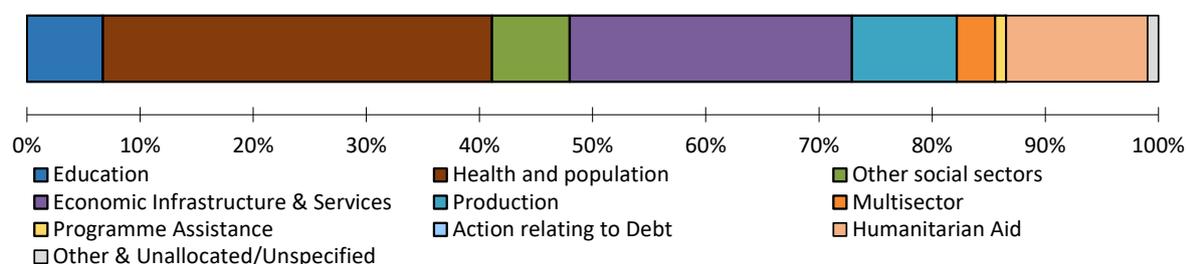
Figure C.1. The United Kingdom is the fourth largest donor in Kenya

Receipts	2015	2016	2017
Net ODA (USD million)	2 464	2 188	2 475
Bilateral share (gross ODA)	60%	62%	58%
Net ODA / GNI	3.9%	3.1%	3.3%
Other official flows (USD million)	309	291	387
Net private flows (USD million)	- 243	203	430
Total net receipts (USD million)	2 530	2 681	3 291

For reference	2015	2016	2017
Population (million)	47.2	48.5	49.7
GNI per capita (Atlas USD)	1 310	1 380	1 440

Top Ten Donors of gross ODA (2016-17 average)		(USD m)
1	United States	836
2	International Development Assoc	513
3	African Development Fund	199
4	United Kingdom	190
5	Japan	164
6	EU Institutions	161
7	Global Fund	138
8	Germany	106
9	France	83
10	Sweden	59

Bilateral ODA by Sector (2016-17)



Source: OECD (2020^[1]), *International Development Statistics (online database)*, www.oecd.org/dac/stats/idsonline.htm.

StatLink  <https://doi.org/10.1787/888934178677>

The United Kingdom's strategy in Jordan exemplifies its approach to stability and inclusion. Recognising the protracted nature of conflict and instability in the region, the United Kingdom's engagement in Jordan has a ten-year horizon. This timeframe allows the United Kingdom to support flexible medium-term programmes along the humanitarian-development-peace nexus. The programme has evolved from supporting Syrian refugees to supporting all vulnerable people in Jordan, regardless of their status; enabling economic growth; and building reliance on sustainable sources of financing and investment beyond ODA. The United Kingdom is now well placed to pursue a conversation on how to carefully phase the transition from a humanitarian response to a development programme in Jordan. The country programme is well focused with clear objectives, and synergies that allow resources to be used to maximum effect. Testing the added value and relevance of all initiatives – including centrally managed

programmes, the Newton Fund and the Conflict, Stability and Security Fund (CSSF) – will help the United Kingdom to avoid diluting this focus.

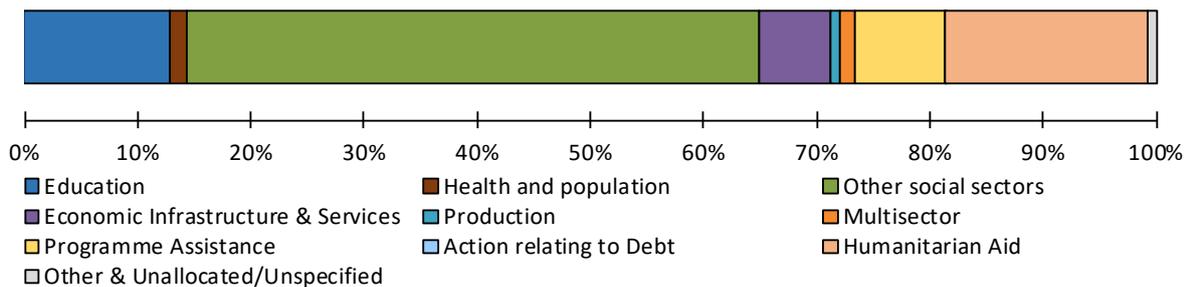
Figure C.2. The United Kingdom contributes 3% of Jordan's ODA

Receipts	2015	2016	2017
Net ODA (USD million)	2 152	2 738	2 921
Bilateral share (gross ODA)	82%	84%	84%
Net ODA / GNI	5.8%	7.1%	7.3%
Other official flows (USD million)	382	374	157
Net private flows (USD million)	902	252	450
Total net receipts (USD million)	3 436	3 364	3 528

For reference	2015	2016	2017
Population (million)	9.2	9.5	9.7
GNI per capita (Atlas USD)	3 890	3 920	3 980

Top Ten Donors of gross ODA (2016-17 average)		(USD m)
1	United States	892
2	United Arab Emirates	353
3	Germany	269
4	EU Institutions	241
5	France	238
6	Japan	214
7	Kuwait	204
8	UNRWA	186
9	United Kingdom	157
10	Canada	74

Bilateral ODA by Sector (2016-17)



Source: OECD (2020^[1]), *International Development Statistics (online database)*, www.oecd.org/dac/stats/idsonline.htm.

StatLink  <https://doi.org/10.1787/888934178696>

In both Kenya and Jordan, the United Kingdom has developed an in-depth understanding of the impact of regional challenges on the countries' development. In Jordan, this understanding was translated into a regional risk management strategy accessible to country offices. In Kenya, it was implemented through a regional approach to migration, trade and security in East Africa. However, beyond these examples and the CSSF, the United Kingdom has limited institutional means to think and act regionally to tackle issues such as climate, health, stability, anti-corruption and migration.

Expertise in gender, climate and disability is not systematically reflected in programmes

In both Kenya and Jordan, the United Kingdom is recognised by its partners as a champion of the inclusion agenda. The DFID teams and cross-cutting advisers are well equipped to analyse and monitor relevant issues. Making equity a criterion for value for money has also created strong incentives to mainstream a gender and inclusion perspective into projects and programmes. However, this analysis has not systematically influenced how programmes are designed in Jordan. For instance, it is not apparent how gender equality and governance challenges are addressed across the portfolio or how the impact of climate change is factored into economic reforms. In Kenya, the High Commission is planning to mobilise funding from the United Kingdom's international climate finance budget as an incentive to better reflect climate

change and management of natural resources in the portfolio. In both countries, the increasing number of cross-cutting issues flagged by headquarters have affected the country offices' ability to prioritise.

Organisation and management

The whole-of-government approach in place is held back by organisational constraints

Driven by a shared country business plan covering all departments, the British High Commission in Kenya is harnessing development, defence, diplomacy and trade competencies to address complex issues such as elections, devolution and stability. The new UK-Kenya Strategic Partnership, launched in January 2020 sets out how the High Commission is engaging across all these sectors with the Government of Kenya. In addition to an overall Kenya Senior Leadership Team Executive Committee and external dialogues with government on key policy issues,⁵ the High Commission has set up internal policy boards on prosperity, law enforcement, demography, climate and anti-corruption in order to design a common vision across the High Commission, ensure coherent approaches and draw together resources from across the United Kingdom (UK) Government. Notably, the whole High Commission uses the same Kenya country diagnostics and partnership principles. The positive impact of such co-ordinated efforts is not only visible in the CSSF,⁶ but also in the prosperity portfolio and the anti-corruption efforts. Strengthening the whole-of-government approach has also proven useful in absorbing the expansion of the High Commission following the adoption of the Africa strategy.⁷

A similar approach has been taken in Jordan, where the British Embassy has established co-ordination structures to support implementation of the London Initiative. This is underpinned by a National Security Council country board which meets quarterly to review progress and discuss emerging threats and opportunities, supported by cross-Embassy working groups. Additionally, increased co-ordination between the Newton Fund and other departments present in Amman, for instance, has contributed to more strategic funding to research in Jordan, based on a country strategy.

In both Kenya and Jordan, hosting other DFID country teams – Somalia and Yemen respectively – has enabled the sharing of resources and skills.

Nevertheless, in both countries, institutional and organisational constraints undermine the United Kingdom's ability to put its Fusion Doctrine into practice at the country level. This is frustrated in particular by, accountability requests coming from individual departments, inconsistent procedures, and IT and information systems that are not inter-operable in either Jordan or Kenya. Standardised processes for all departments and consistent accountability mechanisms for joint activities would reduce the administrative burden and improve efficiency, especially for the CSSF. Current efforts by the Joint Funds Unit to streamline reporting lines across all cross-government teams could also increase value for money. In addition, to fully operationalise the Fusion Doctrine and building on recent progress, other teams in the High Commission and Embassy would benefit from more access to the cross-sectoral expertise housed in DFID.

Delegated authority enables flexibility and influence

DFID's country-led model is alive and well in Kenya and Jordan. The country teams' strong focus on results is reinforced by delegated authority, multi-annual timeframes, empowered senior responsible officers and strong professional systems. In Kenya, the country team has maintained the long-term priorities of the development co-operation programme through a period of political flux in the United Kingdom, and increasingly directs all of the United Kingdom's resources towards shared objectives. Having flexibility within an overall budget envelope allows for holistic programming in a fragile context. Supported by DFID's strong decentralised model, the Jordan team is able to seize opportunities as they arise and to draw on

competencies and resources available in headquarters and other country offices to strengthen the Jordan programme.

However, the level of delegation to country offices has weakened over recent years. Submitting concept notes rather than full business cases to ministers is a positive step. However, reviewing the criteria for deciding when ministerial approval is required would speed up the process of translating concepts into programmes and help the United Kingdom to respond more quickly in changing contexts.

In addition, the High Commission in Kenya has been faced with the presence of numerous centrally managed programmes (CMPs): at one point more than 230 programmes were active in Kenya, not all of which had necessarily informed the High Commission. While these programmes can bring efficiencies or complement existing ones, their sheer number poses risks for the High Commission and dilutes focus. In contrast, only twelve programmes in Jordan were centrally managed and the Embassy is not eligible for many of the CMPs available from headquarters as they are designed for other contexts, particularly least developed countries (LDCs) and lower middle-income countries (LMICs). The planned move towards demand-led CMPs, combined with a proposed “dual-lock” requiring country-level sign off, will be critical to achieving impact and managing risk.

Quality assurance is strong but risk transfer and compliance are affecting partnerships

In both countries, quality assurance and risk management of the country portfolio are strong and enable good programming. In Jordan for instance, DFID has developed a systematic approach to assuring quality and managing risk across its portfolio and throughout the project cycle. Recent increases to the risk appetite of the country programme to reflect the operating environment have the potential to strengthen DFID Jordan’s ability to design programmes with greatest impact and to enable innovation. Continued, consistent guidance on risk from headquarters – from the Better Delivery and Internal Audit teams – will reinforce the Embassy’s risk appetite. At programme level, sharing risks more equally with implementing partners would help partners to take informed risks.

Onerous project management requirements have high transaction costs for the United Kingdom and its partners. A narrow focus on value for money and due diligence as well as detailed resource-based accounting and forecasting requirements risk diverting attention away from strategic considerations. In Jordan, current levels of reporting and scrutiny, beyond what is required by the Smart Rules, affect the United Kingdom’s ability to build a relationship of trust and empowerment with key partners. For instance, most partners are required to produce quarterly or semi-annual reports, where the Smart Rules only require annual reports, in addition to providing detailed quarterly spending forecasts within a narrow margin of 10%. Wanting more oversight in a high risk environment is understandable but this very detailed programme management approach is constraining partners’ flexibility and has an opportunity cost in terms of the time staff have to implement programmes. In both Kenya and Jordan, current practices also prevent the United Kingdom from supporting, and building the capacity of, a broader range of local actors who could be strong allies in supporting its reform agenda.

Finally, in Kenya, the use of fund managers has allowed DFID to free up staff time. However, in some cases, the use of fund managers has also resulted in the United Kingdom losing contact with implementing partners and the local context, introducing layers of bureaucracy and blurring reporting lines, without creating incentives for learning and building strong local institutions. Reviewing the rationale for the use of fund managers in each case and recognising a broader range of competences and objectives in the tender process may help to allay partners’ concerns. There are good examples to build on, such as the joint cash transfers programme in Jordan that includes a strong element of operational research. Ensuring that third party compliance contractors take a differentiated approach to partners, and streamlining requirements, will also support the United Kingdom’s ambitions to be rapid, flexible and collaborative.

Human resources are a cornerstone of the United Kingdom's programme and influence

In both countries, the calibre of the country teams is impressive and is a cornerstone of the United Kingdom's influence and credibility: partners found staff approachable, responsive and well informed. In Kenya, as the bilateral budget reduces over time, maintaining a strong staff complement will allow the United Kingdom to increase its focus on influencing government and multilateral partners.

Locally-appointed staff are valued. In Kenya, the country programme benefits from their skills, networks and understanding of the local context. DFID in Kenya is able to provide staff with extensive career and development opportunities; openings for locally-appointed staff to be assigned to other country offices⁸ represent best practice among members of the Development Assistance Committee (DAC). However, locally-appointed staff working for DFID Jordan cannot undertake international assignments available in other DFID country offices because they are on the Foreign and Commonwealth Office (FCO) local contracts. Continued efforts to address career opportunities and improve management practices will help the Embassy recruit and motivate locally-engaged staff.

Partnerships, results and accountability

The United Kingdom's use of country systems varies

The United Kingdom's development programmes in Kenya and Jordan are responsive to local needs and support locally led change. The United Kingdom is recognised by the senior government officials in Jordan as a "thought partner" and supports efforts to build national capacity and institutions. Channelling the United Kingdom's funding through the Jordanian government budget via multilaterals is consistent with development effectiveness commitments and is helping to create fiscal space for reform. Other good effectiveness practice included transparency on ODA flows, use of partner-country data and audits, and monitoring and evaluating based on mutually-agreed results. In Kenya, the United Kingdom is not using country public financial management systems directly and explicitly precludes its partners, including United Nations (UN) partners, from doing so, in light of the risk assessment it conducted. Exceptions are made for funding channelled through the World Bank. A more deliberate approach to country ownership would be consistent with DFID's focus on building the integrity of national systems in the country. When the risk of channelling funds through public financial management systems is too high, further opportunities might include sharing forward-spending information, using statistical systems and providing institutional support to local civil society and research bodies.

Engaging in joint programmes could reinforce the United Kingdom's convening power

In Kenya, the United Kingdom has demonstrated leadership in forging clear and consistent messages from development partners to government, including on health, Kenyan Treasury systems and anti-corruption. While the United Kingdom has signed the European Union Joint Country Strategy and has engaged in a number of donor working groups, joint programmes, multi-donor trust funds and delegated co-operation arrangements, DFID's programming processes do not create direct incentives to establish or join multi-donor funding mechanisms. Partners fear that a more pronounced focus on the United Kingdom's national interest following its departure from the European Union (EU) will further reduce incentives for collaboration. Lack of engagement in the UN country plan and tightly earmarked funding in Kenya is inconsistent with the United Kingdom's commitments to UN development system reform.

In Jordan, the United Kingdom engages closely with other development partners and implementing partners, and draws on the insights of others to influence policy and refine programmes. For instance, the United Kingdom chairs the humanitarian and education donor groups on a rotational basis. DFID has also designed and mobilised innovative funding instruments that have brought on board funding from other

development partners – including a development policy loan guarantee, seed funding to the Global Concessional Financing Facility and a multi-donor trust fund for technical assistance.

Partnerships with the private sector would benefit from a continuum of support

The United Kingdom draws on a wide range of instruments to address the needs of the private sector in Kenya and Jordan and to leverage private sector investments, including through equity, guarantees and loans. CDC's investment in equity in Kenya illustrates how the United Kingdom does not shy away from investing in fragile contexts. However, as mentioned by representatives of the private sector in Kenya, there is scope to better communicate the United Kingdom's full offer to the private sector and to formally build a continuum of support, ranging from early technical assistance to investment at scale, beyond the Memorandum of Understanding signed with the Government of Kenya. Increased use of blended finance will reduce the risk of crowding out private capital. In Jordan, the United Kingdom is working to improve the business environment and the labour market, reduce the cost of trade, support match-making initiatives between British and Jordanian companies, and support financial intermediation. While the Embassy can support the private sector through the World Bank and the Private Infrastructure Development Group, it has access to only a limited number of instruments to work directly with Jordanian small and medium enterprises. If the United Kingdom plans to engage in economic development in Jordan, as well as other stressed middle-income countries, it will be critical to make instruments targeting the local private sector available to the relevant country offices.

Strategic dialogue would strengthen the United Kingdom's predictable and flexible partnerships

In both countries, partners welcomed the long-term predictability of the United Kingdom funding matched with flexible deadlines and expected results supported by in-depth technical discussions. Nevertheless, a focus on value for money and due diligence have led the United Kingdom to treat local partners as implementing partners. Partners felt that the incentives to innovate were limited once programmes were approved as partners would be carrying the majority of the risk.

While both the High Commission and the Embassy actively engage with their partners at project and programme level, it is a challenge for anyone external to understand, let alone shape or contribute to, the United Kingdom's overall strategy in each country. Resuming a policy of strategic communication and engagement with a broader, more diverse range of external actors would make the United Kingdom's work more effective. Indeed, experiences with a youth panel and early market engagement with local civil society organisations and the private sector have proven to be effective in designing good quality programmes in Kenya. The Strategic Partnership between the United Kingdom and the Government of Kenya announced in January 2020 is a positive step in that direction.

The results culture is strong in both country teams

Backed by professional systems, evidence and learning are at the core of how the United Kingdom works in Jordan and Kenya. Lessons from partners, annual reviews and research inform programme adaptation during implementation and the design of subsequent programmes. For example, reports by the Independent Commission for Aid Impact (ICAI) had a clear impact on how the Newton Fund and CSSF are managed in Jordan. In Kenya, the experience of asking researchers in charge of the evaluation of the "Deepening Democracy" programme to regularly present initial findings while the programme was running helped adjust the objectives and activities as the context evolved. Final conclusions have directly influenced the next phase of the programme, which will invest more time in preparedness.

Both country teams are also making an effort to move away from previous practices in which short-term, quantitative targets that could be attributed to the United Kingdom prevailed. Current efforts by DFID Kenya

to pilot results management at outcome and portfolio level represent a step towards a more balanced approach, and would benefit from more active headquarters engagement. In addition, despite a strong will to conduct portfolio evaluations, the DFID office in Nairobi has limited funding to do so. In Jordan, plans to develop a country results framework that includes influencing and systems building will help to shift the focus towards outcome level results and bring coherence to the various strategic objectives. Clarifying the role of evaluations and how they can complement information collected through regular monitoring will strengthen programme management and learning.

References

OECD (2020), *International Development Statistics (online database)*, [1]
<http://www.oecd.org/dac/stats/idsonline.htm> (accessed on 5 February 2020).

Notes

¹ In 2018, Kenya ranked 144 out of 180 countries on the Corruption Perceptions Index. See www.transparency.org/cpi2019.

² Jordan receives the second highest level of ODA per capita worldwide.

³ In 2017, Theresa May, Prime Minister of the United Kingdom at the time, signed a Memorandum of Understanding with the Government of Jordan.

⁴ The Jordan Compact was signed in February 2016, as a new approach to dealing with protracted displacement. In return for billions of dollars in grants and loans for humanitarian support and macro-financial assistance, and preferential trade agreements with the European Union, Jordan committed to improving access to education and legal employment for its Syrian refugees.

⁵ Security, economic development and defence, as well as research, science and innovation.

⁶ The blending of ODA and non-ODA resources in the CSSF has allowed the United Kingdom to stimulate comprehensive responses to stability challenges in the region.

⁷ The British High Commission in Kenya has 350 staff from 12 government departments.

⁸ To note that international assignments for locally-appointed staff were put on hold after the country visits were conducted.