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Governance Assessments in Practice – Case Studies

1A PAKISTAN

Theme: Joint assessments – emerging lessons

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1. Context: Governance Assessments in Pakistan

1. During 2007, the UK **Department of International Development** (DFID) and the **Royal Netherlands Embassy** (RNE) developed a country level strategic working partnership to develop their understanding of the institutional and political governance environment in Pakistan. **Five different governance 'assessments' were produced collectively or independently but all collaboratively.**
2. The background to these assessments relates to both RNE and DFID preparing new 3/5 year strategies which needed to be grounded in a better understanding of governance issues. Secondly, both organizations had recently finalized methodologies for new Governance Assessment tools and wished to pilot them in Pakistan (DFID – Country Governance Analysis/CGA, Dutch – Strategic Governance and Corruption Analysis/SGACA); and thirdly an agreement that we needed a better understanding of the factors involved in risk management as aid levels increase and programmatic aid is used more extensively. The respective Governance Assessment strategies/tools were finalized in early 2007 and implemented in Pakistan due to a confluence of new programming cycles; interested donor personnel; and a wish to understand the complexity of the political environment in Pakistan.
3. This collaboration included co-financing a classic **Drivers of Change Study** (DoC) focusing on a political systems approach to identifying drivers. This process provided input into the RNE **Power and Change Analysis** (PCA) which was descriptive and prescriptive in terms of the RNE's upcoming multi-annual programming. These studies contributed in the production of a DFID **Country Governance Analysis** (CGA) which tried to capture quantitative and qualitative data sets to identify governance trends in capability, accountability and responsiveness (CAR). Further, RNE produced the yearly (Governance) **Track Record** (TR) using a defined format. The collaboration involved the production of a joint report – the **Strategic Conflict Assessment**. For the preparation of this study, both donors developed and approved a joint terms of reference methodology based on a synthesis of the standard Dutch and UK methodologies.
4. RNE and DFID collaborated although all the products were agency specific. A number of key donors also provided inputs to the process; a participatory methodology of consultations was used through workshops with non-state domestic actors and sections of the federal or/and provincial level Government of Pakistan.
5. There has been an exponential growth of governance assessments in 2007. The recognition of the need to better quantify governance (CIDA etc); the initiation of Governance assessment tools (ADB); increasing aid budgets and use of programme aid (Budget Support) has resulted in other key Governance Assessments produced in 2007. These include: the piloting of the Asian Development Banks (ADB) new governance and anti corruption assessment in 2 key sectors; Joint ADB, DFID, EC and World Bank production of Public Financial Management Accountability Assessments and PEFA's for all four provinces.

2. Tensions, dilemmas and issues

6. We briefly identify from the collaborative work some key tensions, dilemmas and issues that emerged in the course of the assessment process which are illustrative of larger questions concerning assessments and performance benchmarking.
 - **Harmonisation:** Within the context of HQ guidance and through a country level strategic partnership the RNE and DFID developed tools/studies that could be

inputted extensively into the pilots that were being developed by both DFID and the Dutch. This collaboration was opportunistic. Both organizations produced separate Governance Assessment methodologies which were piloted in Pakistan - CGA and SGACA. These tools were shared and extensive consultation both with each other and other actors had an impact on the quality. However, while the methodologies and tools remained separate, the goals were shared. In the context of overall country allocations the main purposes of the governance assessments were: developing country strategies; managing risks (country systems); assessing government commitment to basic principles (such as HR principles), as well as inputting into decisions on aid delivery models (eg the use of SWAPs and General Budget Support).

- **Separate formal donor methodologies:** The Dutch and UK Governments have separate but similar methodologies for carrying out a strategic conflict assessment. In Pakistan the respective governance teams with HQ input were able to develop a joint terms of reference and a joint report which included all the key elements of both methodologies. However, these efforts did not result in a joint tool based on SGACA and CGA as both are formally different methodologies. They focused on different aspects of governance.
- **Diverging conclusions:** Although an intensive co-operation took place during the process of developing the country specific GAs, operational conclusions on the use of aid delivery models differed. Whereas DFID concluded that alignment with government is the most effective model, RNE concluded and focused on sectoral support to government as well as working through non state actors.
- **Follow-up/joint programming: DFID and RNE worked** closely together through the assessment process based on shared goals. The next step, however, joint programming, also with other donors, still needs to take shape. The reasons for this vary from diverging conclusions on aid modalities, different scope of budgets, and temporary suspension of (parts of) Dutch bilateral assistance to Pakistan.
- **Publication:** Pakistan is a complex political environment currently undergoing acute political tensions. Publication of key governance assessments reflecting official bilateral or multilateral views on weaknesses in governance and corruption would not facilitate dialogue with Government at this point.
- **Politicisation of Data – Governance Assessments:** In Pakistan with reform and legitimacy being key issues at the heart of the previous government's reform programme, it is interesting to note that some areas of data have become 'politicised'. This had some positive effects, drawing attention to issues like poverty, which were previously under-recognised in terms of data. In some respects however, this politicisation made data more vulnerable.
- **Resource intensive – Core Staff:** Despite the use of expert consultants to do some of the data collection and analysis, the limited availability of core staff at a time of intensive utilization has been problematic. In an environment of increasing aid levels, reduced core staff, higher policy dialogue, and demanding programme aid delivery mechanisms, the use of limited core staff time is challenging. There are also opportunity costs. When the impact of these assessments on actual output or development outcomes is assessed will it be possible to evaluate this opportunity cost.

3. Lessons and forward looking implications

7. The emerging experience of DFID and RNE in Pakistan with the piloting, implementation and use of Governance Assessments provides lesson learning that can potentially be used to explore opportunities for improvements as well as increased harmonisation and alignment in governance assessment processes.

- **Raising awareness:** the use of the Governance assessments raised awareness in sector staff to identify and address key governance drivers of change.
- **Piloting ‘whole of government’ approaches:** The Pakistan context calls for a coherent approach. The GA exercises have provided a platform for piloting such coherency and have led to more cross departmental dialogue and a more integrated approach (political + development).
- **Credibility of reform process:** the DFID CGA attempts to identify trends evidenced by the datasets; the Dutch SGACA puts more emphasis on also analyzing the “reform readiness”.
- **The growth in 2007 in Pakistan of Governance Assessments** is indicative of the increased focus on governance as a key underpinning for the sectoral development work being undertaken by agencies (e.g. power, water etc). The diversity and number over the last 12 months is striking. These are all first generation GAs. Harmonisation is positive but not at the loss of ownership by the organization or the diversity, which reflects differing needs from donors. The emphasis has been on incrementally seeking ways to reduce diversity and to harmonise around GAs (e.g. the SCA) which share clear conceptual and foundational approaches.
- **Risk Management:** Governance is a key issue in risk management, especially at a time when budgets are scaled up and new instruments such as programme aid require thorough risk assessments. Understanding country systems, the opportunities for reform and political economy and institutional dynamics are key to risk assessment and management.
- **Publication:** Accountability and disclosure are key concerns. However, blanket publication of sensitive governance assessments may be detrimental to dialogue with Government. The issue is rather to decide – at the right moment – what to publish and what not to publish, and to manage expectations. Donors who co-operate need to be in agreement on these principles when embarking on joint GAs.
- **Enhanced focus on sectors:** Governance and GA emerged mainly as a concern among “generalist” agency staff working on governance, public administration, conflict, anti-corruption and other “process focused” areas. Sector governance is crucial for sector performance. Governance is, therefore, increasingly becoming everybody’s business and this is evidenced by sector specialists involvement in GAs.
- **Transaction costs of GAs are high.** DFID and RNE GAs are new and being developed through pilots. Transaction costs of core staff are high. Desk based exercises may be useful in comparison with higher profiled exercises with the corresponding high transaction costs for partner country stakeholders.