Approaches to Improving the Delivery of Social Services in Difficult Environments

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Acknowledgements

Abbreviations

CPIA	Country Policy and Institutional Assessment
CBO	Community Based Organisation
DAC	Development Assistance Committee of the OECD
DFID	UK Department for International Development
ECHA	Executive Committee on Humanitarian Assistance
LICUS	Low Income Countries Under Stress
MDGs	Millennium Development Goals
(I)NGO	(International) Non governmental organisation
OECD	Organisation for Economic Cooperation and Development
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
SDDE	Service Delivery in Difficult Environments
QIPs	Quick Impact Projects
UNDG	United Nations Development Group
UNESCO	United Nations Education, Scientific and Cultural Organisation
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Emergency Fund
USAID	United States Agency for International Development
WDR	World Development Report
WHO	World Health Organisation

Executive Summary

➢ *This paper explores the challenges of service delivery in difficult environments for external actors*. It seeks to provide answers to the question of what type of approaches, and under which conditions, may be most effective in order to: a) improve human development outcomes[1] for poor and vulnerable people; and b) build pro poor, government-led systems.

➢ *The paper identifies some promising approaches to increasing access to services while building systems.* Although the evidence base is weak, the following appear to offer prospects for scaling up in difficult environments:

♦ Where capacity is weak, consider working through government to contract out services to non-state providers focusing on the MDGs as the key output measure.

♦ Where there is a lack of will, use a non-state mechanism to co-ordinate donors, and to manage and monitor both state and non-state providers. The United Nations has a comparative advantage to convene and coordinate donors in some difficult environments. Align with state systems in order to facilitate handover.

♦ Where both capacity and will are weak, work with humanitarian actors to take a more long-term, programmatic approach to the delivery of services.

♦ Work through local structures to move resources down to community level, stimulate demand for services, monitor service providers, and promote positive political and social change.

♦ On the demand side, consider social protection measures that reduce vulnerability and facilitate access to services for the poor.

➢ *This paper argues that the international community should emphasise service delivery as a key entry point to further development in difficult environments*. The following four reasons are explained in more detail in Section II. The first one is that the MDG targets will not be achieved without increased access to services in these contexts. The second one is that there is a 'humanitarian imperative' to respond to an emergency situation where people's access to services has been severely reduced or has completely diminished. A third one is that service delivery may offer an entry point for triggering longer-term pro-poor social, economic and political change. Finally, service delivery may help to prevent some states from sliding (back) into civil conflict by addressing the structural causes of the conflict.

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[1] Defined here as health and education outcomes as exemplified by the MDG targets.

➢ *Section III describes the main challenges to supporting pro-poor service delivery in difficult environments.* Whilst aware of the limitations of the World Development Report 2004 analysis, using this framework is a useful tool to highlight the shortcomings in the relations between policy-makers, service providers and service users. A major challenge is to (re)build effective state institutions where these have deteriorated, have been destroyed by conflict or are depleted by HIV/AIDS or other human resource constraints. In many places, the single most important challenge to development is that the state does not have the capacity to supply services to poor people. Additionally, policy makers and politicians in some difficult environments lack the political will to push forward a pro-poor agenda. Finally, the complex interplay between political will and state capacity poses major obstacles to poor people's access and participation in service delivery in difficult environments.

➢ *Given the myriad of challenges, the paper considers the approaches for the international community to: strengthen pro-poor policy making, build provider capacity and reduce barriers to people's access and participation.* Each of these is in turn considered with regards to providers, policy-makers as well as users.

➢ *With regards to strengthening pro-poor policy making*, the paper suggests finding entry points to build political will where it is lacking, for instance through Quick Impact Projects. Where willingness exists, efforts to build state policy making and implementation capacity include providing long-term technical assistance, supporting elements of recurrent expenditure, and financing community recovery through decentralised structures. Finally, the paper explores the possibilities for using non-state mechanisms for policy coordination in unwilling or exceptionally weak environments. These may include UN agencies and the use of social funds, with care to not undermine the state's ultimate responsibility for service delivery.

➢ *In terms of building capacity, both state and non-state providers should be considered to strengthen service delivery.* Decisions on the most appropriate approach will partly depend on a thorough analysis of the context, but a general observation is that in areas where there is little government provision, and limited prospects of building the capacity for government provision in the short to medium term, then the international community should consider harnessing non-state providers in ways that do not undermine the state. One possible way to do this is through some kind of contracting arrangement. Humanitarian agencies are also an important source of service provision in difficult environments. Donors should seek to work with them to develop longer term, programmatic approaches in difficult environments, while not undermining core humanitarian principles.

➢ *With regards to reducing the barriers to poor people's access to and participation in basic services, strengthening voice, moving resources to the community level and facilitating provider access are all discussed.* Additionally, reducing the costs of accessing services through social

protection schemes may increase the amount of disposable income the poor can spend on services.

➢ *The main implications for the international community explored at length are*:

• *Approaches are effective if they are underpinned by a thorough understanding of context.* The international community needs consistently excellent social, political and economic analysis on which to base its programming decisions, including those related to service delivery. This is critical if interventions are not to exacerbate already difficult situations.

• *There are trade offs between short term and long-term objectives in difficult environments*. The type of environment will determine the objectives for the intervention. There are tensions between the objectives which international agencies pursue. The balance between short and long term objectives should be made explicit in programme design.

• *Objectives ought to inform the entry points for service delivery interventions*. If the aim is to support government led systems, then the state will be a key entry point. However, if the state is part of the problem, then the international community may substitute for state structures in order to relieve immediate humanitarian suffering and build momentum for change. Other entry points include non-state providers and community-based organisations.

• *Objectives and entry points underpin the selection of aid modalities*. At one end of the spectrum is humanitarian aid, which is extremely effective at mobilising a swift response to a crisis situation and substituting for the state. At the other end, is flexible direct budgetary support, which is designed to emphasise the poverty reduction partnership between donor and recipient governments. In between are a range of instruments, including SWAPS, trust funds, projects, and social funds. In principle, these instruments could all be used.

• *Difficult environments typically require agencies to employ a mix of approaches and instruments*. Circumstances are frequently fluid, with entry points presenting themselves simultaneously in different sectors, at different levels of government, and in different regions. This means that effective agencies will work with a range of approaches and instruments to enable them to take advantage of existing conditions, and position themselves to adapt should they change. People on the ground will be critical to developing appropriate responses.

• *Improving the lives of the poor and building effective government systems will not be achieved through service delivery interventions alone.* Efforts also need to be made to improve the security situation, reduce vulnerability through social protection interventions, create livelihoods opportunities, and stimulate growth. In some cases, development objectives may also need to be integrated with diplomatic and military objectives.

I.   Introduction

1. *The delivery of basic services is a central task of poverty reduction.* Poor people say that water, education, healthcare and personal security are among their highest priorities[2], and expanding inclusive service delivery is critical to achieving the Millennium Development Goals.

2. *Strategies to improve service delivery typically emphasise the central role of the state in financing, providing, and regulating services*[3]. The state bears the legal responsibility to ensure that the fundamental human rights to security, education, and healthcare are realised. The state is also well placed to respond to the challenges of scale and market failure in ensuring access for services to all groups. For these reasons, many development analysts have emphasised the central role that governments play in regulating, overseeing and monitoring the delivery of services.

3. *But how should services be delivered where the state is unable or unwilling to take up its responsibilities?*   State weakness or fragility can occur in many ways[4]. Where the state lacks effective territorial jurisdiction, or is preoccupied by conflict, or where its administrative capacity has effectively collapsed, the challenge of service delivery takes on a different shape. Sophisticated strategies to improve the relationship between state regulators and private providers have little relevance where the government is repressive or lacking commitment to poverty reduction goals.

4. *In difficult environments, donors and other international agencies have tended to withdraw.* While humanitarian assistance and limited support to state or non-state actors are important, the prevalent donor response has been to curtail development efforts until the capacity and willingness of the state return to 'normal'. But donor disengagement over the years in places such as Afghanistan has shown that long-term state weakness carries a heavy price in terms of sowing the seeds of its own endurance. Additionally, state weakness is not limited to a small number of isolated cases; it is a common and enduring feature to varying degrees of many developing countries. It has become one of the most complex development challenges. For these reasons, a closer examination of strategies to ensure service delivery in difficult environments is required.

5. *Structure of the paper.* This paper begins by defining the main issues in service delivery in difficult environments (SDDE). In section II, it discusses the rationale for DFID and other donors to support SDDE. In section III, it goes on to describe some of the main challenges faced in supporting SDDE including extremely weak state capacity, government unwillingness to engage in pro-poor service delivery, and obstacles to access and participation for the poor. In section IV, some approaches to strengthening

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[2] Narayan, Deepa , Robert Chambers, Meera K. Shah and Patti Petesch (2000)
[3] World Bank. (2003)
[4] Moreno Torres, M., Anderson, M. (August 2004)

actors and institutional arrangements for service delivery are discussed and analysed. In section V, the approaches are mapped onto a typology of difficult environments and key issues and questions for funding and implementing agencies involved in supporting SDDE are highlighted. The conceptual framework underpinning the paper is presented in annex 1.

6. *Scope of this paper.* This is one of a series of working papers from the Poverty Reduction in Difficult Environments team (DFID Policy Division). Consequently, it does not seek to address the response to difficult environments in its entirety. This paper primarily focuses on the delivery of social services (education, health, water and sanitation) rather than on services designed to increase personal security. However, the importance of a secure environment for the delivery of social services is highlighted, as is the role that the international community plays in facilitating such an environment. It is also recognised that the delivery of services is only one part of the response – interventions aimed at livelihoods and social protection are also key. Finally, the paper does not attempt to unpack in detail any one particular sector, but rather to consider approaches to strengthening institutional arrangements for the delivery of services in general (with examples drawn from sectoral experiences). The challenges and approaches described and analysed here are not always unique to difficult environments. However, they have been identified as having particular relevance to contexts where the state is unwilling or unable to harness resources to reduce poverty.

Box 1: Definitions

For the purposes of this paper:

Difficult environments are defined as those areas where the state is unwilling or unable to harness domestic and international resources for poverty reduction, including the delivery of basic services. Such areas typically have all or several of the following characteristics: weak governance, fragile political and economic institutions, conflict, poor economic management, or are suffering from the effects of a chronic humanitarian crisis such as high HIV and AIDS infection or repeated famine.

Service Delivery is conceptualised as the relationship between policy makers, service providers, and poor people. It encompasses services and their supporting systems that are typically regarded as a state responsibility. These include social services (primary education and basic health services), infrastructure (water and sanitation, roads and bridges) and services that promote personal security (justice, police). Pro-poor service delivery refers to interventions that maximise the access and participation of the poor by strengthening the relationships between policy makers, providers, and service users.

II. Why should DFID be involved in Service Delivery in Difficult Environments?

7. *The importance of remaining engaged despite the difficulties involved.*
Several donors, including the World Bank[5] and the OECD's Development
Assistance Committee[6], have produced policy or position papers on
engaging in difficult environments, each of which includes an emphasis on
service delivery as a key entry point. DFID considers continued
involvement in service delivery of vital importance for four reasons[7]:

- The Millennium Development Goal (MDG) targets represent a
global commitment to realising the rights of the poor to services and
livelihood opportunities. They will not be met without increased
access to services in difficult environments.

- There is a 'humanitarian imperative' to respond to an emergency
situation where people's access to services has been severely
reduced or has completely diminished.

- Service delivery may offer an entry point for triggering longer-term
pro-poor social, political and economic change.

- Service delivery may help to prevent some states from sliding
(back) into conflict by addressing its structural causes.

II.1 Rights and the MDGs

8. *The world is off track to reach the Millennium Development Goal (MDG)
targets for primary education, gender equality and maternal and child
mortality.* The MDGs reflect the multi-dimensional nature of poverty and
are at the centre of DFID's development work. The goals also represent a
collective commitment from the international community to ensure that the
rights of the poor to education, health and a decent standard of living are
met. Progress towards the 'human development' targets[8] is lagging
behind the first one of reducing income poverty. Economic growth is
essential but will not be enough to reach these targets.

9. *Making better progress in difficult environments represents one of the
biggest challenges to achieving the MDG targets.* Using low scores on the
World Bank Country Policy and Institutional Assessment (CPIA) indicators[9]
as a proxy for difficult environments, more than 40 countries with the
lowest scores over the last five years are home to an estimated 343 million
people living on less than $1 per day[10]. This is 59% of all absolute poverty

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[5] World Bank (September 2002)

[6] Development Assistance Committee (November 2001).

[7] These are working hypotheses around which we are seeking to develop a more robust evidence base

[8] These are targets 2 (achieving universal primary education), 3 (promoting gender equality), 4
(reducing child mortality), 5 (improving maternal health), and 6 (combating malaria and other
diseases).

[9] The CPIA includes 20 equally weighted criteria grouped in four clusters: economic management;
structural policies; policies for social inclusion and equity; and public sector management and
institutions.

[10] Branchflower, A., Smart, M. and Hennell, S. (2004)

> outside India and China. Again, leaving aside India and China, the same states account for approximately:
> - 49% of maternal deaths,
> - 54% of people without access to safe drinking water,
> - 51% of children out of primary school and
> - 58% of people living on less than a dollar a day.

10. *In the Democratic Republic of Congo one out of every 5 children dies before their fifth birthday and the statistics may be even worse for Sierra Leone, Angola and Somalia*[11]. It will not be possible to reduce the stark inequities within and between countries, or to eliminate poverty and vulnerability, without improving our engagement with service delivery in difficult environments.

II.2 Meeting urgent humanitarian needs

11. *Donors provide humanitarian assistance in difficult environments because of their commitment to an impartial humanitarian response and allocation of funding according to need.* This was agreed at the international meeting on Good Humanitarian Donorship in Stockholm in 2003. INGOs and UN agencies with a humanitarian mandate are key providers of services in many situations where political will is lacking or where there is ongoing conflict. To maintain their operating space, these agencies work within humanitarian principles of neutrality, impartiality, and independence.

12. *Humanitarian interventions are effective at meeting immediate needs, but may be less so at facilitating longer-term systems building.* This is because humanitarian aid is designed to bypass host governments in order to rapidly and effectively relieve human suffering. One of the issues that this paper explores is the extent to which humanitarian aid can be used more programmatically to enhance its impact on longer-term development.

II.3 Service Delivery as A Catalyst for Longer-Term Pro-Poor Social, Economic and Political Change

13. *Service delivery interventions can provide an entry point and trigger for longer-term pro-poor social, political and economic change in difficult environments.* For the purposes of this paper, a pro-poor social, political and economic environment is one in which poor people are empowered to demand their rights (to services, to livelihood opportunities and to social protection) and the state is responsive to the voices of the poor. Clearly, many of these conditions do not exist in difficult environments. Changing the situation is likely to require sustained engagement over time and it is hypothesised that service delivery provides one possible entry point.

14. *The provision of basic services has the potential to break the inter-generational cycle of poverty and increase economic opportunity.* Agencies may have to work for change in the medium to long term.

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[11] Black, RE et al (2003)

Education, for example, can be a powerful intergenerational change agent by giving those who are exposed to it a greater understanding of issues, as well as confidence to participate in political discussion and in policy formulation and implementation. Such participation can change the nature of politics. Women's literacy has the potential to be a particularly powerful tool for social and political change if approached in the right way[12]. Healthier and better-educated individuals are more likely to be able to build their livelihood opportunities, contribute to long-term economic growth, and protect themselves from economic shocks.

15. *Service delivery can mitigate social exclusion* (officially or unofficially enforced), particularly in marginalized areas such as slums and poorly communicated territories by the existence of mechanisms that reach down to community level and give the poor voice and the opportunity to participate politically. The Chars Livelihood Programme in Bangladesh has developed a useful conceptual model of how service delivery interventions can incorporate opportunities for the poor to exercise their voice, create political space, and, in the long term, fundamentally alter their relationship with elite groups[13].

16. *Service delivery interventions can offer an entry-point for broader governance reforms*. Where upstream governance weaknesses or lack of capacity are a contributory factor, the governance reforms that are necessary to promote longer-term social and political change have more chance of success if linked to reforms in service delivery, which have tangible results and benefit the public in a way they notice. Service delivery reforms could offer a more promising entry-point for broader governance reforms, if they are visible to the public as this can then lead to pressure for wider more systemic reforms. A recent report on service delivery in Nigeria, for example, suggests that targeted improvements in policing would send a powerful message to inspire others and potentially create the political space to conduct more comprehensive reform. [14]

II.4 Addressing the Structural Causes of Conflict

17. *The structural causes of conflict are the long-term factors underlying violent conflict.* There is an extensive literature that has sought to understand the causes of conflict, and the type of response that is appropriate. Analysis indicates that a range of social, political and economic factors are involved and interact in complex ways[15]. Caution must therefore be exercised in making too greater claims as to the contribution that any one factor plays. What can be said with some certainty is that conflict reduction interventions are very cost effective[16], and that service delivery is an important part of the response. Below are some of the ways in which service delivery can reduce conflict.

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[12] Fiedrich, M. and Jellema, A (September 2003).
[13] Hobley, M (March 2004).
[14] Thompson, W. (February 2004).
[15] DFID (January 2002)
[16] Chalmers et al, 2004

18. *Service delivery interventions may act as a tangible peace dividend in countries emerging from conflict.* A number of service delivery interventions have been designed and implemented to reach down to the grassroots level help to stabilise the situation in the immediate aftermath of conflict. Interventions are sometimes referred to as 'quick wins' or 'quick impact' projects (QIPs). Several agencies employ quick impact type projects, including DFID, USAID, the World Bank, The European Union and UNHCR[17]. They tend to tackle high visibility problems and to try to win 'hearts and minds'. In some cases, they are the precursor to more developmental approaches, centred on community-based reconstruction.

19. *The literature on the role of 'horizontal inequalities' in conflict highlights the importance of considerations of equity in the provision of services.* Horizontal inequalities can be defined as inequality between groups in society (often based on ethnicity or other group characteristics) rather than between individuals (say between the rich and the poor – so called 'vertical' inequality). This work argues that group exclusion along social, economic, and/or political lines is a source of differentiation and is one of the potential triggers of conflict[18]. Access to services is one of the factors contributing to such differentiation. Exclusion from services, in particular education, has been highlighted as a factor in conflict in countries as diverse as Burundi, Sri Lanka, Nepal and Kosovo[19]. Efforts to reduce inequalities in access to services may help to reduce the threat of conflict.

20. *Education can be crucial in addressing the underlying causes of conflict in terms of its structures and systems and curriculum content.* In countries emerging from conflict, education is frequently regarded as having a crucial part to play in rebuilding social cohesion. Systemic approaches are necessary, which tackle participation and transparency in policy formulation, equitable distribution of resources, curriculum reform, and other exclusionary tendencies (such as language of instruction, separate schooling etc.)[20]. In a conflict situation, education can be a means of creating a peaceful space and offering children a 'normal' experience in an otherwise crisis situation[21]. The school curriculum can conversely be used as a vehicle to incite ethnic and racial hatred. There is some evidence, for example, that the Rwandan genocide was partly fuelled by the messages conveyed through the education system. The reformulation of the Rwandan curriculum has been a key element in the reconstruction effort[22]. In the long term, providing free universal education is perhaps the most effective policy for reducing the educational inequality that contributes to unequal employment and livelihood opportunities[23].

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[17] GRC query (August, 2003) Available at: http://www.grc-dfid.org.uk/grc/helpdesk/summary.cfm?qno=135
[18] Stewart, F. (1999), Klugman, J. (1999), Ostby, G. (2003),
[19] Jackson, T (June 2000); Perera, L. et al (2004); Lama-Tamang, M. et al (August 2003); DFID Health Systems Resource Centre (2003)
[20] Smith, A.. and Vaux, T. (February 2003)
[21] Nicolai, S. and Triplehorn, C. (2003).
[22] Obura, A. (2003); Rutayisire, J. et al (2004).
[23] Klugman, J. (1999).

III. What are the main challenges to supporting pro-poor service delivery in difficult environments?

21. *Service delivery as a relationship of accountability between users, providers and policy-makers.* The World Development Report 2004 proposes a possible framework for conceptualising pro-poor service delivery that examines the relationships of accountability between the policy maker, the provider and the citizen (see figure 1). It highlights the central role of the state in guaranteeing the provision of pro-poor services and the role of politics in this process.

22. *This framework has been criticised for being too narrowly focused on accountability as the primary mechanism for improving the responsiveness of frontline providers.*[24] Other important contributing factors include human resource capability, the role of civil society organisations in advocating for the rights of the poor to basic services, and the role of trade unions and other professional organisations in working with their members to improve the quality of service provision. While recognising these weaknesses, the WDR framework is one useful tool for examining service delivery interventions as it draws attention to the need to consider the three actors in efforts to improve the quality of services.

23. *In a 'good' policy environment, the international community seeks to partner predominantly with policy makers at the state level* to strengthen the state's ability to monitor and build the capacity of providers (through the compact[25]), to work with poor citizens to give them more voice to demand their right to health, education and other services from the state through 'voice initiatives', and to build the responsiveness of providers to citizens by finding mechanisms for citizens to directly hold providers to account. Poverty Reduction Strategies provide the framework for this engagement. This is the situation represented where a state has both will and capacity.

Figure 1: Framework of service delivery relationships

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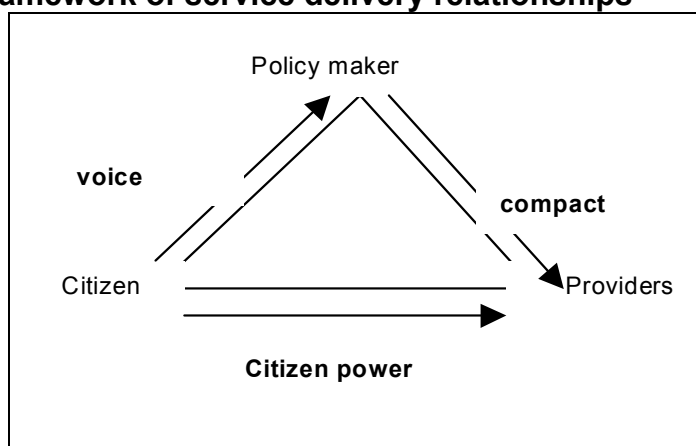
[24] Goetz, A.M., Joshi, A., Moore, M. (March 2004).

[25] The broad long-term relationship of accountability connecting policy makers to organisational providers. An explicit enforceable contract can be one form of a compact.

This working paper is intended to stimulate public discussion. It is not necessarily DFID or UK Government policy

24. *The WDR's analysis provides only a partial answer to the question of what to do in situations of state weakness or failure*. The WDR framework 'Eight sizes fits all'[26] suggests that the path to take in situations where the state is not pro-poor is to strengthen client power, through some form of direct transfer of funding, either from central government or from donors. However, the model does not address the challenge of (re)building effective state institutions in situations where these have deteriorated, have been destroyed by conflict, or are depleted by HIV/AIDS. Nor does it address the problem of working in states where the government is unwilling to partner for poverty reduction.

25. *Some difficult environments are characterised by a lack of political will, which means that policy makers and politicians will not push forward a pro-poor agenda*. For the international community, a balance needs to be struck between using diplomatic tools to influence governments, and ensuring that the humanitarian needs of vulnerable groups are met. In some instances, particular groups may be deliberately targeted by repressive regimes. The mechanisms for supporting and expanding service delivery in these environments, while putting pressure on governments to become more pro-poor, are inadequately understood.

26. *In many difficult environments, the state may lack the capacity to supply services to poor people*. There are frequently very weak policy making, implementation and monitoring systems, a lack of organisational providers and frontline workers, and limited financial resources. Infrastructure may also be weak or non-existent, with few school buildings or health clinics. Whilst this may be true of many developing countries, in difficult environments the problems may be particularly acute and are exacerbated by such factors as limited access to certain parts of the country because of challenges of geography or security. In these situations, it will be difficult for the government to supply medicines or textbooks in some areas, and teachers, doctors and nurses may be reluctant to work in remote or inaccessible regions. In contexts with high HIV and AIDS prevalence, the human resource available to staff clinics or schools, or to manage the provision of services, may be decimated[27].

27. *The complex interplay between political will and state capacity poses major obstacles to poor people's access and participation in service delivery in difficult environments.* Where political will is lacking, certain groups may be deliberately excluded from social services on the basis of gender, ethnicity, religion, caste, tribe, race, or political affiliation. In situations of weak state capacity the poor may be unable to access services because of their geographical location, or because the services available do not meet their needs or have high real and/or opportunity costs. Where security is a problem, access may be curtailed because of the behaviour of different parties to the conflict.

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[26] World Bank (2003) page 75
[27] Grant, B.G., Kinghorn, A., Gorgens, M. (May 2004).

IV. What approaches can the international community take to supporting pro-poor service delivery in difficult environments?

28. In difficult environments scaling up the delivery of services and reaching the poor is problematic because the relationships between the policy maker, the provider and the citizens break down. The state is unwilling and/or unable to monitor and support providers or to respond to demands from citizens for service access and quality. In some environments this challenge is exacerbated by conflict. Given these challenges, this section considers what approaches are available for the international community to:

- Strengthen pro-poor policy making functions
- Build provider capacity
- Reduce barriers poor people's access and participation

IV.1 Strengthening pro-poor policy making functions

29. *Policy maker functions* include setting policy, regulating and monitoring the implementation of policy through the compact with providers, striving to meet the rights of citizen's to basic services, and ensuring that there is sufficient financing to implement policy.

30. **Find entry points to build pro-poor political will**: Lack of willingness is unlikely to reflect a uniform decision about implementing policy goals across the whole of government. There may be pockets of political willingness in certain central ministries, or in elements of local government. For example, political will to reduce poverty at the centre of government may be frustrated by local officials who lack the will to implement policies that run counter to their personal interests. Section II of this paper highlighted some of the possible contributions that service delivery interventions can make to pro-poor social and political change and to conflict prevention and reduction. In all cases, an excellent understanding of the political terrain is required in order to identify entry points for supporting and promoting pro-poor policy reform.

31. *Box 1 below gives further examples drawn from two countries – Nigeria and Afghanistan* [28]. The example from Nigeria represents a highly visible reform effort that is intended to demonstrate that the president is serious about reform – it has yet to be implemented. Quick impact projects (such as the Afghanistan example) have been widely used in countries emerging from conflict. They frequently have a range of objectives, including alleviating immediate suffering and lending legitimacy to a nascent government. Their impact has not been systematically evaluated, but as

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[28] Thompson, W. (February 2004); GRC Query (August 2003) at http://www.grc-dfid.org.uk/grc/helpdesk/summary.cfm?qno=135; Armon, Berry and Duncan (June 2004);

the National Solidarity Programme in Afghanistan shows[29], it is possible to scale up these approaches and integrate them into government planning processes. Sectors themselves can also be entry points. Education reform, for example, is frequently seen as a key to social cohesion in countries emerging from conflict, and HIV and AIDS has been a focus of international and national resource mobilisation in Burma.

Box 1: Entry points for building political will

Central government commitment to reform in Nigeria – the election of President Obasanjo in 2003 set the scene for political commitment to reform. A report by the OPSR recommends that leadership from the top needs to be matched by service delivery interventions that are highly visible to the public, can be turned around quickly, and are capable of replication. Options include strategic services that are of concern to all Nigerians (such as the police), targeted interventions in the health sector, and single service functions such as passports.

Quick impact projects as a demonstration of political will in Afghanistan - The World Bank implemented a $45 million dollar programme in 2002 in order to move money down to the community level for the reconstruction of basic infrastructure and the creation of livelihoods opportunities (road building in this case). Community empowerment and participation were explicit goals of the design.

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32. **Strengthen capacity of state[30] policy making functions**: where there is some state willingness, efforts to build policy making and implementation capacity are best directed at the state and state structures because this is where ultimate responsibility for pro-poor service delivery lies. Support for the state can occur at central planning and financing levels, at the sectoral level, or at decentralised levels of government (or a combination of the three). Decisions as to where to engage will depend very much on analysis of capacity and will at the different levels. Approaches to building state capacity include providing long-term technical assistance, supporting elements of recurrent expenditure, and financing community recovery through decentralised structures. Engagement in capacity building requires a long-term commitment from the international community. Policy based interventions aimed at supporting the public sector in difficult environments pose several challenges for the international community. Some of the key lessons, based on an analysis of post conflict interventions, but with potential applicability across other environments with weak capacity[31], are summarised in box 2 below.

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[29] http://www.acted.org/article/articleview/586/1/20/
[30] The state is understood in its widest, most generic sense to be the system of social control capable of maintaining a monopoly of violence over a defined territory with international recognition.
[31] Macrae, J. (2001).

> **Box 2: Lessons for the international community in supporting public policy capacity in countries emerging from conflict**
> - In resource-poor environments, in the short to medium term, the state is unlikely to be able to assume responsibility for recurrent costs associated with service delivery
> - Donor coordination and alignment behind the government are crucial, but are likely to be highly problematic (both because of the limitations of government, and the conflict between political interests of international agencies).
> - Service delivery cannot be restored through the provision of infrastructure alone – human resource development and attention to equitable distribution of resources is also essential.
> - There are trade-offs between meeting immediate needs and planning for sustainability – with regards to financing, for example, difficult decisions have to be made about whether to channel funds through government or to bypass government structures for the sake of efficiency and effectiveness.

33. **Use non-state mechanisms for policy coordination**: in environments where there is unwillingness on the part of government, or where capacity is so weak as to make a sector or sub-sector dysfunctional, then it may be necessary to consider alternative mechanisms for co-ordinating policy, at least in the short to medium term. Mechanisms may be necessary at the central level, at the sectoral or thematic level, and/or at the sub-sectoral level. Box 3 gives some indication of the possible types of arrangements that may be appropriate depending on contextual analysis. These examples come from Somalia[32], where there is no recognised government and a virtual absence of state structures; Myanmar[33], which some funding agencies do not recognise as a legitimate government; and Nepal[34], where the state is conflict affected and the legitimacy of the government is internally contested. The first two examples highlight the contribution that United Nations agencies can play to coordinate activities in difficult environments. This is because of the broad acceptance of the UN as a universal, neutral, politically independent actor. The third example shows the potential of social funds, one of the World Bank's preferred instruments, in

> **Box 3: Non-state mechanisms for policy coordination**
>
> *Somalia Aid Coordination Body:* a voluntary body that includes donor, NGO and UN bodies as members. Designed to facilitate information sharing and coordinate programming and policy formulation and 'avoid the mistakes of large-scale, top down aid programmes. providing unsustainable social services until a crisis ends'.
>
> *Joint programme on HIV/Aids control in Myanmar*: includes UN organisations, donors, NGOs and the government. Objective is to maximize cost effective use of funding and resources, including minimising duplication in geographic and sectoral coverage and reporting mechanisms.
>
> *Nepal Rural Water Supply and Sanitation Fund Development Board*: World Bank formed the Fund Board in response to the perceived failure of the Nepalese Government to deliver sustainable services. The Bank also felt that political interference in project selection was leading to major distortions in coverage. Fund Board's major objective is to support the construction of water supply schemes for rural beneficiaries through local support organisations (NGOs and private sector firms).

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[32] http://www.sacb.info/
[33] Fonsberg, B.C (May 2004).
[34] Armon, J., Berry, C. Duncan, D. (June 2004).

coordinating aid efforts in certain difficult environments. There are drawbacks to these interventions in certain contexts, for instance where the World Bank is seen to represent 'external interests' or where the UN agencies are inefficient[35] or do not have enough experience on the ground to fulfil the role of policy coordinators. Effective coordination may also be undermined by the motivations of different agencies, and the lack of 'teeth' in coordination mechanisms to ensure that all agencies participate[36].

34. *Reduce the risk of undermining the state*. Where possible, even if alternative mechanisms are used, relationships with the government and with state structures should be maintained in order to facilitate possible handover back to full state oversight. Otherwise there is a danger of creating completely parallel structures that undermine the state's ultimate responsibility for service delivery. Social funds, for example have been criticised on the grounds that they sometimes fail to build local and central government capacity and they may have poor coordination in the targeting of service delivery interventions[37]. The risk of undermining the state can be reduced by aligning donors systems with government financial systems (for example keeping expenditure 'on budget' and in accordance with government financial cycles), by sharing a common policy framework as far as possible, and by not unnecessarily weakening state capacity though drawing away key human resources.

IV.2 Building capacity of service providers

35. *Service providers include* organisational providers (health departments, education departments, water and sanitation departments), frontline professionals (doctors, nurses, teachers, engineers) and the organisations that support these professionals (training colleges, for example). In difficult environments, the capacity of providers may be weak in terms of infrastructure, human and financial resources, and responsiveness to the poor.

36. **Build capacity of state providers**: in situations where there is some willingness and capacity, state providers should be considered as an entry point for strengthening service delivery. This is for two reasons. First, it can be an effective way of building state accountability for public services, and second it is less likely to undermine an already fragile state (see comments above). The key challenge is to work with the state to find ways to make limited human and financial resources extend the reach of services to the poor.

37. *Many countries, particularly across sub-Saharan Africa, are facing a growing crisis of human resource capacity*, which is significantly impacting on their ability to deliver vital public services. The problem is particularly stark in difficult environments where, for example, conflict may exacerbate overall shortages of personnel, teachers and health personnel may be

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[35] Jones, B. (2004).

[36] Sommers, M. (2004)

[37] Rawlings, L., Sherburne-Benz, L., Van Domelen, J. (2004).

unwilling to work in remote areas, and there are high levels of absenteeism. In situations of crisis, there is a need for immediate or shorter-term radical and innovative solutions to boost the capacity for delivering services. Developing longer term solutions will need to include changes in incentives around pay, morale and motivation, effective and active management, and transparent employment systems. In addition to support for medium to long-term training and development needs. Specific interventions will also need to be considered to mitigate the impact of HIV and AIDS on service providers in high prevalence countries[38].

38. **Harness non-state providers:** in areas where there is no government provision, and no prospect of building the capacity for government provision in the short to medium term, then the international community should consider harnessing non-state providers *in ways that do not undermine the state*. One possible way to do this is through some kind of contracting arrangement. This approach has been attempted, particularly in the water and sanitation and health sectors, across a range of environments where the public sector has proven intractable to reform because of political and structural weaknesses, or where capacity has been severely weakened by conflict[39]. Contracting potentially allows governments, and those acting to support them, to harness the capacities of both state and non-state providers for service delivery, while simultaneously introducing an accountability mechanism through performance or output based contracts. Contracting is important because it offers prospects for scaling up the response through non-state actors. Evaluations have been conducted in post-conflict Cambodia[40].

39. *Box 4 summarises key issues with respect to contracts and reaching the poor that pertain to difficult environments.* Where partnership arrangements exist, care must be taken to ensure that sufficient funding and incentives are still available for non-state providers working in the most difficult situations, as the case of the Lacor Hospital in Uganda shows[41]. The for profit sector also has an important role in difficult environments, for example reconstruction of infrastructure in countries emerging from conflict, and social marketing.

Box 4: Issues in pro-poor contracting in difficult environments

- *Role of government –*key is to get national buy in to the idea of non-state partnerships in service delivery
- *Availability of partners* – in some difficult environments, there may be little capacity in the non-state sector so international provider organisations may have a key role to play in the short term
- *Targeting the poor –* mechanisms need to be found to identify who the poor are or to reach them. Communities themselves can play a key role
- *Creating the right incentives –*care must be taken to write contracts in ways that motivate providers to reach inaccessible groups. Careful attention needs to be given to avoid perverse incentives

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[38] Grant, B.G., Kinghorn, A., Gorgens, M. (May 2004)
[39] England, R. (November 2003); Sansom, K., Francesys, R., Njiru, C., Morales-Reyes, J. (2003).
[40] Bhushan, Keller and Schwartz (2002).

40. **Working with humanitarian agencies:** INGOs and UN agencies with a humanitarian mandate are key providers of services in many difficult environments. Most implementing agencies operate within the core humanitarian principles of neutrality (not political motivated), independence (from government control) and impartiality (aid distributed according to need). There is a long history of efforts to align humanitarian efforts more closely with development efforts, particularly with regard to the challenge of 'post conflict' reconstruction[42]. This is because an over-emphasis on commodity driven approaches that bypass government structures and fail to build local capacity makes it much more difficult to re-engage developmentally when there is a resolution to the crisis. However, implementing agencies have to some extent resisted these efforts because they threaten to erode these core humanitarian principles, particularly the principles of neutrality and independence.

41. *More recently, academic think tanks, funding agencies, and implementing agencies, have all been involved in re-examining and rethinking the concepts of humanitarian and development aid*, the links between them, and also the links between them and diplomatic and military responses[43]. This renewed interest has been partly fuelled by a recognition that humanitarian crises can continue for many years, by a widening of the concept of what constitutes a country in crisis (to include, for example, countries with high HIV and AIDS prevalence[44]), and by an increasing acceptance that humanitarian aid fundamentally has a political dimension[45]. While there is by no means complete agreement on the way forward, some of the main themes from the literature, particularly as they relate to service delivery interventions, are summarised in box 5.

Box 5: Improving humanitarian/development links in crisis affected countries: possible implications for service delivery
- In-country leadership provides a shared vision for tackling the humanitarian crisis which includes (where feasible) a framing of the response in a longer term perspective
- Better coordination between agencies during a crisis – efforts have been made to set minimum standards, to strengthen the role of OCHA, and to develop mechanisms to share information
- Provide humanitarian assistance in ways that are supportive of long term recovery where possible – including efforts to build capacity at both community and local government level during emergencies and lengthening donor timelines
- Recognise the political dimensions of humanitarian aid while continuing to seek ways to protect the core humanitarian principles
- Better coordination between humanitarian and development actors in the process of repatriation, reintegration, rehabilitation and reconstruction
- Invest in learning to understand what approaches work in difficult environments – World Bank's LICUS initiative and the OECD work on difficult partnerships have an important part to play here

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[41] Hauck, V., (July 2004).
[42] Crisp, J. (May 2001)
[43] UNHCR (2003); The Feinsten International Famine Centre (August 2004); Harmer and Macrae eds. (2004); Buchanan-Smith, M., Maxwell, S. (June 2004); International meeting on good humanitarian donorship. Stockholm, 17 June 2003. http://www.reliefweb.int/ghd/imgd.pdf; UNDG/ECHA (February 2004).
[44] Harvey, P. 2004

42. *There are serious challenges to making closer links between humanitarian and development actors*. The possible erosion of the principles of neutrality and independence may increasingly lead to humanitarian agencies becoming the target of belligerents in conflict. The recent decision by the International NGO '*Médecins Sans Frontières*' to pull out of Afghanistan, for example, is symptomatic of the vulnerability of humanitarian actors in a politically charged difficult environment, as is the recent kidnapping of aid workers in Iraq[46]. Also, the challenge of developing more coordinated approaches to service delivery in emergency situations should not be underestimated as several recent evaluations of coordinating mechanisms highlight[47]. Finally, getting humanitarian actors to agree on a common approach is a major difficulty as they approach the issues from divergent positions and differ significantly with respect to their ethos, size and motivations[48].

IV.3 Reducing barriers to poor people's access and participation

43. *Poor people lack access to services in difficult environments* for a number of reasons. These include deliberate social exclusion (on the basis of gender, ethnicity, religion, caste, tribe, race, or political affiliation), remote geography, inappropriate services, high real and/or opportunity costs, or security concerns. While many of these obstacles are also present in 'better performing' environments, they are magnified in the types of context under discussion here. This sub-section focuses on interventions that may be effective at reducing these barriers to access in difficult environments.

44. **Strengthen the voices of the poor and vulnerable:** voice refers to the relationship between the citizen and the politician. It is the mechanism through which the citizen demands of the policy maker his/her rights to services. Strengthening voice is essential to longer-term transformational change, and may be achieved in tandem with efforts to develop improved mechanisms for service delivery. Box 6 highlights some issues around strengthening voice in difficult environments. These examples show the limits and possibilities of voice only initiatives in difficult environments. The Nepal example shows how conflict can adversely affect efforts to build demand for services because of its negative impact on the supply side[49]. The Bangladesh[50] example provides a conceptual framework for thinking about how service delivery and voice initiatives can be integrated in order

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[45] Chesterman, Ignatieff, and Thakur (July 2004)

[46] MSF Press Release, July 2004. http://www.msf.org/countries/page.cfm?articleid=8851DF09-F62D-47D4-A8D3EB1E876A1E0D; The Guardian (September 9, 2004). Available at: http://www.guardian.co.uk/international/story/0,,1300102,00.html

[47] Sommers, M. (2004); UNDG/ECHA (February, 2004); Jones, B. (2004); Harmer, A. (2004).

[48] The Feinstein International Famine Centre (August 2004)

[49] Armon, J., Berry, C., Duncan, D. (August 2004)

[50] The chars are areas of land formed through a continual process of erosion and deposition associated with the major rivers that run through the country. Char dwellers are extremely poor and vulnerable. See: http://www.livelihoods.org/lessons/project_summaries/comdev7_projsum.html

to put pressure on local government officials to increase their responsiveness to the needs of the poor and vulnerable[51].

Box 6: Voice, service delivery and social and political change in difficult environments

Health messages in Nepal - the New Safer Mother Project has focused on promoting safer motherhood messages in communities in order to increase the voice of women in demanding midwifery and obstetric services. However, the conflict has negatively impacted on this approach as it has compromised increasing utilisation of health services.

Bangladesh Chars Livelihoods Programme - has developed an approach that works at two levels. At the local level, the voice component involves development of bottom-up planning and decision making to ensure that char-dweller's service demands and needs are articulated to local government. Responsiveness of local government to these needs is addressed through capacity building. At the national level, mechanisms are built for ensuring that char-dweller's demands and needs are identified and addressed by policy makers at the highest levels.

Reintegration of girl soldiers in Sierra Leone – A recent study of the demobilisation, disarmament and reintegration (DDR) process in Sierra Leone found that, although girls and women were heavily involved in the conflict, they were significantly under-represented in DDR, did not have their needs and rights addressed if they were involved, and they were generally excluded from training and skill development at the point of reintegration.

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45. *However, in many difficult environments the conditions for mobilising voice may be weak or absent.* Sierra Leone is an example of the common failure to respond to the voice of girls and women in countries emerging from conflict – a lost opportunity with respect to opportunities for social change[52]. Interventions that have the strengthening of voice as their primary objective face a dilemma in many difficult environments. While voice is a key to long-term social and political change, it can be a dangerous entry point in repressive environments where government may see community mobilisation as a threat to their power base[53]. Decisions as to the balance between direct service provision and mobilisation activities need to take account of the social and political context.

46. **Move resources to community level:** community based approaches are an entry point to set up local governance structures, which can then act as a focal point for service delivery interventions. The demand generated is then directed at some kind of social fund, umbrella grant, or dedicated government funding mechanism to which communities can direct proposals for project funding. Funds may be administered through local government structures if these have the capacity and legitimacy, or they may sit completely outside of government. NGOs and smaller CBOs play a role in either implementing sub-projects, or in community mobilisation activities. Integrated approaches that tackle both service delivery and livelihoods/social protection issues in a holistic manner appear to work best.

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[51] Hobley, M (March 2004).
[52] McKay, S. and Mazurana, D. (2004)
[53] Empowerment Community of Practice Newsletter, August/September 2004

47. *Box 7 summarises some of the opportunities and challenges that community-based approaches present in difficult environments.* The problem of elite capture of community-based programmes has been documented extensively in the literature.[54] This is possibly an even greater threat in difficult environments, and suggests that the international community needs to redouble its efforts to find ways to strengthen the participation of the poor in community initiatives and to monitor the distribution of funds and punish instances of fraud. The Nepal Community Support Project has had some success in this regard with public auditing[55].

Box 7: Opportunities and challenges to community-based approaches
Opportunities
- Builds local capacity and can strengthen voice
- Quick disbursing and provides tangible benefits to community level
- Flexible with respect to project focus
- Communities drive the process and have control
- Communities have a stake in managing project funds carefully

Challenges
- Requires some institutional capacity at the community level and may place disproportionate demands on them
- Going to scale requires a large number of project staff who speak local languages and understand local social and political dynamics
- Care must be taken to make the link between sectoral work and community based work
- Elite capture of resources is a possibility so needs monitoring mechanisms.

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48. **Facilitate provider access**: a major challenge in all difficult environments is gaining and maintaining access for service providers to the poor and vulnerable. In conflict-affected areas, an issue is one of security for service providers. The approach to this problem in Nepal, where the Maoists and the security forces often block access, is to work through basic operating guidelines. These guidelines have been agreed by the international community and guide agencies with respect to their behaviour in the field. They incorporate fundamental humanitarian principles[56] and call on the parties to the conflict to comply with their obligations under International Humanitarian Law. In Myanmar, access was facilitated by agreement between the government of Myanmar and international agencies that HIV/AIDS represents a humanitarian crisis and required concerted and co-ordinated action[57]. This brokering role is a key one for the international community to play, and in situations of crisis it may involve invoking

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[54] Richards, Bah and Vincent (April 2004); Rao, V., Ibanez, A.M. (February 2003); Platteau, J.P. (2003)

[55] Kathmandu Post Editorial, 29th August, 2004. Available at http://www.kantipuronline.com/kolnews.php?&nid=15095

[56] Assistance is provided without adverse distinction, based on need, with respect to religion and culture, communities are involved in the planning and management of programmes and agencies are accountable to those they seek to assist. The Basic Operating Guidelines in Nepal are adapted from the Principles of Conduct for The International Red Cross and Red Crescent Movement, in particular see articles 2, 3, 5, 7, 9.

[57] There is also evidence that the military junta responded to the fear that the army would be badly affected by the epidemic

humanitarian law and seeking to get monitoring missions on the ground to hold state and non-state forces accountable for their actions.

49. **Reduce the costs of accessing services:** one challenge for the poor in difficult environments (in common with the poor across most developing countries) is meeting the cost of accessing services, both direct and indirect. A full review of all the possible approaches and responses is beyond the scope of this paper, but it is worth focusing here on user fees. There are strong advocates for the removal of user fees in the health and education sectors, but this may not be feasible in many difficult environments where non-state actors are a major provider of services, and lack of government capacity makes effective regulation virtually impossible. More promising may be efforts to increase the amount of disposable income that the poor have access to. One way to do this is through cash for work programmes. Other social protection[58] initiatives that may have the potential to offer a safety net for the poor and enable them to access services include conditional cash transfers, nutrition support services, and fee exemptions[59]. The latter have also been used to target orphans and vulnerable children in countries heavily affected by HIV and AIDS and thereby assist them in accessing services, particularly education. Alternatively, incentives for attendance can be built into the services themselves. School feeding programmes, for example, have had some success in increasing access to school in difficult environments.

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[58] Defined here as a range of measures that aim to prevent shocks and stresses (including long-term severe poverty) having a harmful effect on wellbeing.
[59] Marcus, R. with Piron, L.H. and Slaymaker, T. (July 2004).

V. What are the implications for DFID and other agencies?

V.1 Understanding of context is crucial

49. *It is critical to understand the capacity and will dimensions of difficult environments in order to inform programming decisions*, and to minimise the risk of aid doing more harm than good. Figure 2 gives an indication of how approaches could be mapped on to a three-fold typology of difficult environments, depending on whether, in any particular area or region, the state exhibits a lack of capacity, a lack of political will, or a lack of both[60].

Figure 2: Possible approaches to strengthening service delivery relationships and actors in difficult environments

+ WILL

Will but limited capacity	**Will and capacity**
Policy maker • Partner with central government and line ministries to develop, implement and finance pro-poor policy *Provider* • Encourage partnerships between the state and non-state providers • Build state provider capacity where possible *Poor people* • Strengthen the voice of poor people to demand their rights to services • Use community based approaches that work through central and local government structures and link to sector interventions • Facilitate provider access	*Policy maker* • Strengthen government system to develop pro-poor policy, monitor the compact, respond to voice, and be accountable to citizens *Provider* • Build organisational and frontline provider capacity and provide incentives for frontline workers • Work to make providers more responsive to the poor *Poor people* • Build client power and voice

- CAPACITY   **+ CAPACITY**

Limited will and limited capacity	**Capacity but lack of will**
Policy maker • Use non-state mechanisms for policy coordination *Provider* • Deliver services through humanitarian agencies and INGOs in ways that build capacity and institutions where possible • *Poor people* • Use community based approaches that build local governance structures and community capacity to manage their own service delivery needs • Facilitate provider access	*Policy maker* • Use non-state mechanisms for policy and financing coordination and look for entry points to support political will *Provider* • Harness both state and non-state providers through some form of partnership arrangement *Poor people* • Use community based approaches that build local governance structures and develop community capacity to manage their own service delivery needs • Facilitate provider access

- WILL

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[60] See PRDE Working Paper 1 for a fuller explanation of the typology

50. *The mapping is necessarily crude, and is certainly not meant to be prescriptive.* It gives an indication of how entry points and approaches are affected by the type of context in which the international community operates. Environments that exhibit both capacity and will (what might be termed 'good' performers) are included for comparison purposes. One country context may exhibit all four characteristics simultaneously (see V.3 below). Annex 2 summarises the key characteristics of each of these types of environment.

51. *Tools are needed to derive relevant contextual information and to agree on ways to pool and share it.* In order to programme effectively, managers need a consistently excellent understanding of the context in which they are working. Arriving at an understanding of the capacity and willingness dimensions of any particular context will require the development of indicators and a methodology for applying them. There are a number of efforts currently underway to develop assessment tools that can be used in difficult environments. These will need to be refined, field tested, and if possible shared between different agencies.

V.2 Making trade-offs explicit

52. *Difficult environments force trade offs between short and long-term objectives.* The short-term objective of the international community in difficult environments is to relieve immediate humanitarian suffering by providing life saving support, including delivering services. In the longer term, the objective is to facilitate social and political change that results in an environment where poor people are empowered to demand their rights and the state is responsive to the voices of the poor. These objectives frequently conflict with each other. Many of the trade-offs currently made are not recognised, or not made explicit. Having a framework for making the trade-offs explicit would improve transparency and the rigour of analysis.

53. *The mapping in figure 2 shows that where there is political will, then there is significantly more space for working to strengthen state oversight for service delivery.* The kinds of approaches that are suggested in the top left quadrant clearly show that these environments are closer to 'business as usual' than either of the situations where there is a lack of willingness. The most difficult of this group of environments are those that are emerging from conflict and where the international community is seeking to legitimate a nascent government. One of the key issues here is to find ways to rebuild the system in ways that do not simply reproduce and reinforce previous inequities, or replicate dysfunctional alignments and institutions. Finding the right balance between 'upstream' reforms and making sure that services reach people on the ground is also a key issue. This is why the role of non-state providers is potentially so important.

54. *In situations where there is government unwillingness but there is strong capacity, then finding an entry point for service delivery interventions in partnership with the state is extremely challenging.* This situation is

represented by the bottom right quadrant. In these situations, political analysis will be essential to identify opportunities for building political will. Policy coordination may need to be undertaken by a structure parallel to government, but where possible with connections to government structures. In some instances, sustainability is likely to be less important than maintaining space between agencies and the government to avoid being seen to legitimate it. A careful balance needs to be struck between supporting the delivery of services and working with civil society organisations to mobilise communities to demand their rights to services. If not carefully managed the latter may result in conflict between citizens and the incumbent regime.

55. *In situations where there is a lack of government will and state capacity, the community offers the most promising entry point for sustainable service delivery interventions*. This is the situation represented in the bottom left quadrant – many of these contexts are conflict affected. The analysis draws attention to the need for parallel policy making structures and the importance of international humanitarian actors as providers of services in these environments. Sustainability and legitimacy may be less important than the humanitarian imperative to quickly get life saving services to poor and vulnerable people. The challenge is to do this in ways that build capacity for longer-term development through the development of local community structures and civil society actors. Community based approaches are a key part of the response. The choice of local non-state actors could be crucial in community cohesion and state-citizen relations. Coordination is essential to minimise the risks of creating highly fragmented and idiosyncratic systems that challenge attempts to scale up when the opportunity arises. In situations of conflict, which is common in these environments, simultaneous efforts have to be taken to find a peaceful political solution to the crisis.

V.3 Using aid approaches and instruments flexibly

56. *Related to the above, is the need to have flexibility in the aid modalities at our disposal in difficult environments*. Countries will typically exhibit varying degrees of capacity and willingness at any one time, and over time. It is clear that a 'one size' fits all approach will not work in these contexts. A mix of approaches and instruments is likely to be most effective. Table 1 summarises the main approaches identified in this paper, the common aid instruments for delivering this assistance, and the trade offs with respect to short and long term objectives

Table 1: Approaches and trade offs

Approach	Possible Modality	Short term	Long term
Building government capacity	DBS/SWAPS	Fiduciary risk Finance may get stuck upstream and fail to reach the poor	Strengthens government legitimacy where this is a primary objective

Working through non state coordination mechanisms	Multi donor funding arrangements Global Funds	Can be effective at reaching the poor	Financing bypasses the state and may undermine it in the longer term
Quick wins/quick impact projects	Project support	Can reach down to pockets of the poor, but tends not to be systematic and difficult to scale up	Means of demonstrating political willingness in difficult environments?
Building capacity of non state actors	Contracting	Effective and efficient way to provide services in low capacity environments Provides a framework for monitoring outcomes	State legitimacy may be undermined Risk of elite capture of resources
Humanitarian interventions	Consolidated Appeals Process	Effective at meeting immediate needs of affected populations	Bypasses government systems and may not build capacity for the future Response can be become fragmented in the absence of strong coordination
Community based approaches	Social funds Umbrella grants	Effective way to move resources down to community level Puts power into the hands of the community	Risk of elite capture of resources Scaling up can be difficult Links to sectors may be problematic
Voice only initiatives	Civil society funds	Risk of backlash from a repressive regime No immediate return with respect to access to services	Builds social cohesion and puts power in the ands of the poor Powerful tool for promoting social, political and economic change

57. *The current range of instruments may not be sufficient to deal effectively with difficult environments.* Current aid instruments may not be optimally effective. For example, the World Bank has recently established a Trust Fund that enables the Bank to provide grants finance to LICUS countries including in arrears). Activities that assist in delivering essential services to the poor, especially regarding HIV/AIDS are among the eligible activities. Though the total size of the Trust fund is relatively small ($25 million FY05-FY07), this instrument has enhanced the Bank's ability to help meet some needs in the most difficult environments.[61]. There are likely to be others, including instruments to support interventions that fall somewhere between humanitarian and development responses[62].

58. *The international community, funding agencies and implementing agencies alike, have very limited evidence as to the impact of their service delivery interventions in difficult environments.* It has proved extremely difficult to find empirical support in the existing literature for the extent to which service delivery interventions impact on human development outcomes or promote longer-term social and political change. Rigorous evaluation of existing instruments and approaches will assist in arriving at

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[61] World Bank (December 2003).
[62] Randel, J. (2004)

the optimal mix of modalities for any particular context. For example, global partnerships are increasingly being employed in difficult environments, but there is limited evidence on their role or impact - this merits further work.

V.4 Improving the humanitarian/development transition

59. *Where possible the international community should seek to work with humanitarian actors to better co-ordinate their activities*, to develop a more pragmatic and strategic vision of service delivery, building local capacity where appropriate. Where international humanitarian actors are the only means of providing ongoing, long term service delivery, they should see themselves as stewards of a country's service delivery capacity that needs to be handed back at some stage in the future, even if that is many years away.

60. *Humanitarian actors should further develop ways of programming that maintains humanitarian independence and impartiality but makes the transition to longer-term development less difficult*. Partnerships between humanitarian and development actors at the implementation stage could be strengthened. The objectives of development and humanitarian agencies in the field also need to be better aligned and this can be facilitated by attempts to improve specific aspects of the response, such as UNHCR's durable solutions initiative. Other crucial aspects are protection, the creation of a safe operating space for providers and communities, and how to maintain humanitarian neutrality in the face of increasingly politicised aid environments.

V5 Implementing promising approaches

61. *Difficult environments present challenges to scaling up the delivery of services to the poor, but the analysis does suggest some promising approaches*. Although the evidence base on impact is weak, there are some indications of how the international community can increase its engagement in the support of service delivery in difficult environments in ways that both improve human development outcomes and lay the seeds for change in the future. Any efforts to increase funding must be accompanied by a thorough analysis of the possible unintended consequences.

62. *Supply side approaches include the following.*

- Contract out service delivery to non-state actors in situations of weak state capacity. This approach has been applied successfully in the health and water and sanitation sectors, and it could be extended to the education sector. Output-based contracts outline a minimum package of services and the desired outcomes in terms of service access and impact on the MDGs – incentives can be built in to contracts for providers to reach vulnerable communities and marginalised groups, including girls and women.

- Scale up through a non-state mechanism where there is a lack of political will. One option is to use the UN as a lead organisation to manage service delivery in these contexts. Its neutrality may position it well in unwilling environments. Where possible, align with state systems to facilitate eventual hand over.

- Explore new ways of working for both humanitarian and development agencies; humanitarian agencies will need to engage more fully with the long-term role of the state in service provision, and to develop a broader more flexible and less commodity-driven range of instruments for social protection. Development actors could usefully learn from humanitarian agencies about assessing poverty in extreme situations, using principles to gaining access to poor populations in contested regions and about the importance of protection as opposed to just assistance. And donors need to develop new ways of funding, enabling social service provision for example to be planned on longer budget cycles from humanitarian budgets.

63. *On the demand side, approaches include the following:*

- Work through civil society organisations to empower the poor to demand their rights to services. This is effective where there is capacity to deliver and where political judgment indicates that the regime will not regard this as a threat.

- Move resources down to community level through local committee or similar structures. Communities themselves can then make decisions about where to target resources. This has proved an effective approach in countries merging from conflict, although there are risks that resources can be captured by powerful groups.

- Reduce the costs to families of accessing services by introducing social safety nets. One example is cash for work programmes. Road-building, for example, can both provide income for the poor and re-establish access to markets for communities suffering from isolation brought about by conflict or exclusion.

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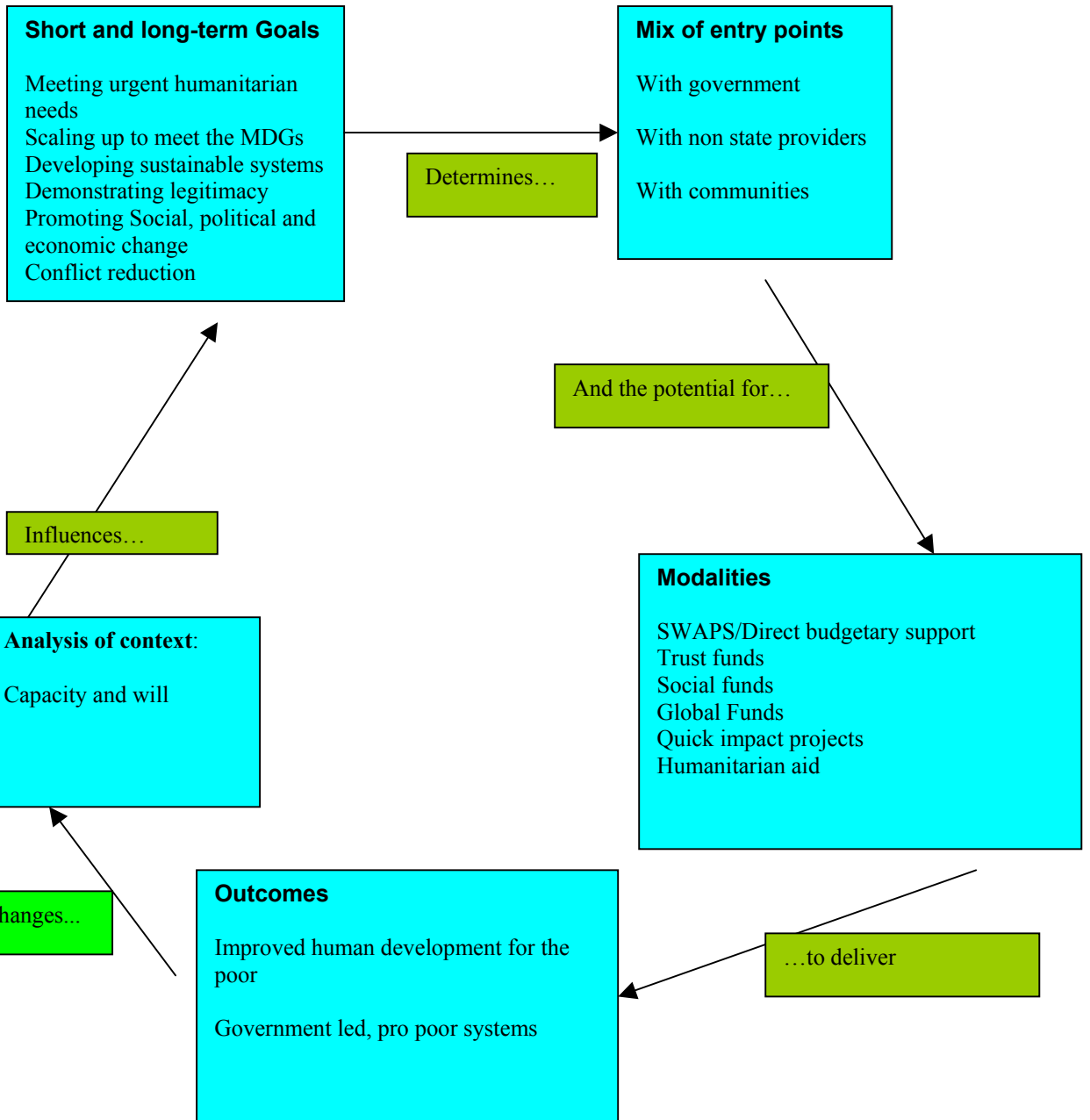http://unesdoc.unesco.org/images/0013/001323/132305e.pdf

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Annex I: Conceptual framework

Short and long-term Goals

Meeting urgent humanitarian needs
Scaling up to meet the MDGs
Developing sustainable systems
Demonstrating legitimacy
Promoting Social, political and economic change
Conflict reduction

Mix of entry points

With government

With non state providers

With communities

Determines…

And the potential for…

Influences…

Analysis of context:

Capacity and will

Modalities

SWAPS/Direct budgetary support
Trust funds
Social funds
Global Funds
Quick impact projects
Humanitarian aid

Which changes...

Outcomes

Improved human development for the poor

Government led, pro poor systems

…to deliver

Annex II: Types of Environment

Political will but weak capacity

This includes environments that may be challenged in their mobilisation of resources for poverty reduction due to any or several of the following: lack of basic fiscal and monetary building blocks; challenges to the state's territorial control and presence; and unstable or weak (but legitimate) political institutions with a commitment to poverty reduction. However, despite these weaknesses, these states are considered responsive to the poor. Malawi and Zambia could be seen as examples of high willingness but low capacity. Some countries emerging from conflict may be a subset of this category where the international community seeks to support and strengthen nascent governments. Examples include Afghanistan, Sierra Leone, and DRC (although in some cases, the legitimacy of the government remains contested which affects the way in which the international community can engage).

Low willingness and high capacity

In this type are states that may be strong in terms of administrative capacity and territorial control, but they are unresponsive to the needs of the poor, either because of the neo patrimonial nature of state politics (as in the case of Zimbabwe and possibly Nigeria) or because a real or perceived external threat diverts the use of resources for other aims that do not tackle poverty reduction (as in North Korea). There may be difficulties in negotiating any kind of access at all, and bilateral support from certain governments may not be acceptable.

Lack of political will and low capacity

This type of state may suffer from lack of international recognition or a contested territory, limited administrative capacity for policy development and implementation, and is seen as unresponsive to the needs of certain groups (including the poor). Southern Sudan, Somalia, and (possibly) Nepal can be considered as cases in point. All of these examples are in conflict. Infrastructure has been destroyed, there is mass displacement of people, levels of insecurity are high, and the government is contested.

States with willingness and stronger capacity

These states have strong state presence and territory control; some degree of competence in fiscal and monetary policy or a strong administrative capacity and public institutions that are fairly committed to development. These states are good partners for poverty reduction, and are likely to have PRSPs in place, but may have structural risk factors for state weakness that warrant specific attention.