Working Effectively in Conflict-affected and Fragile Situations

Briefing Paper B: Do No Harm

DAC Principle 2: Do no harm

- International interventions can do harm as well as good – for example, by inadvertently creating societal divisions or increasing corruption – if they are not based on strong conflict and governance analysis and designed with appropriate safeguards.
- International decisions to suspend or continue aid-financed activities following serious cases of corruption or human rights violations must be carefully judged for their impact on domestic reform, conflict, poverty and insecurity. Harmonised and graduated responses should be agreed, taking into account overall governance trends and the potential to adjust aid modalities as well as levels of aid. Aid budget cuts in-year should only be considered as a last resort for the most serious situations.
- Donor countries also have specific responsibilities at home in addressing corruption, in areas such as asset recovery, anti-money laundering measures and banking transparency. One priority is increased transparency concerning transactions between partner governments and companies, often based in OECD countries, in the extractive industries sector.

Introduction

This paper considers a number of ways in which donors might inadvertently 'do harm' in situations of conflict and fragility. It examines some of the 'do no harm' dilemmas facing donors, and looks at programming approaches that have been used to avoid harm and contribute to peace and stability. Sound analysis of sources of conflict and fragility is the essential basis for any strategy to avoid harm. This paper should therefore be read in conjunction with *Briefing Paper A: Analysing Conflict and Fragility*.

That donors can do harm as well as good is widely accepted, as any intervention, policy or position may have unintended, negative consequences. At the most basic level, aid donors are introducing resources into situations that are politically, and often violently, contested. So even if aid is intended to be neutral – humanitarian aid for example – it still risks becoming a resource to be fought over, potentially fuelling conflict.[1]

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[1] Anderson, M.B., *Do No Harm: How aid can support peace – or war* (1999).

Development aid, however, is rarely neutral. Aid effectiveness dictates that, where possible, aid should be aligned in support of national (generally government) poverty reduction efforts. This will, inevitably, have impacts on local politics and power dynamics. Impacts may be intended and positive (reinforcing legitimacy, encouraging reform), but they may also be unintended and negative (undermining accountability, signalling that repression is acceptable) or even a mix of both. The process of development is inherently conflictual, as power relations and access to resources must change if poverty is to be reduced.

Nepal: Aid fuelling conflict

A review of the relationship between DFID's programmes and the conflict in Nepal in 2002 found that DFID's activities risked fuelling conflict in a number of ways.

- Aid focused on capacity-building and awareness raising benefited elite groups and provided little benefit to the most excluded groups.
- Aid which demanded community contributions put an unfair burden on women and the poorest, and was resented by them.
- Aid was focused on more accessible areas, limiting benefits to the poorest and most conflict-affected regions of the mid and far west.

Some harm may be unavoidable. There are situations in which there is a balance of benefits and harms, and while it may be possible to mitigate some of the harm, it cannot be eliminated. Donors and partner governments in fragile situations frequently find themselves faced with competing objectives and potentially incompatible priorities, such as service delivery, capacity development, security, narcotics control, state-building and peace-building.

We must also recognise that DFID offices face constraints in their attempts to avoid harm. These include existing programming commitments, agreed (but possibly inappropriate) division of labour, international commitments (e.g. on MDGs, aid effectiveness, anti-terrorism) and organisational priorities (e.g. staffing levels, increasing programme expenditure). DFID is also bound by wider HMG objectives. At times, harm reduction may be the most we can aspire to.

While the concept of 'do no harm' may sound like an unacceptably low ambition,[2] it carries within it the potential to drive positive responses. Since harm can stem from the omission of good, aid programmers should seek to ensure that their interventions positively address conflict and fragility. The following sections present examples of how the application of the 'do no harm' principle can become a driver of conflict/fragility-sensitive programming.

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[2] This has been a key criticism of Anderson's Do No Harm framework, particularly among peace-building and conflict-resolution organisations.

Doing harm – donors may increase conflict

The most obvious way donors may do harm is if their actions (interventions, policies or positions) increase conflict or the potential for conflict. Mary Anderson's Do No Harm[3] framework identified three basic ways this might happen:

- aid can undermine the structures and relationships in society that enable people to live together peacefully (connectors), or conversely it can enhance the factors that push people apart (dividers);
- aid can provide resources which are redirected for war, or which free up other resources for war, or which increase inequalities (resource transfers);
- aid can legitimise the values of war and positions of warmongers (implicit ethical messages).[4]

Anderson's Do No Harm framework remains valuable for DFID partners operating in insecure environments. The concepts of dividers and connectors have been particularly useful, and are used by many international NGOs to analyse and adapt their interventions. The framework has also been imaginatively combined with security risk management to create a new training tool – Safe and Effective Development – by DFID and GTZ in Nepal (see *Briefing Paper H: Risk Management*).

Sudan: Education in Abyei – building connectors

A positive response to a risk of donor harm is illustrated by DFID support for the Abyei Education Project in Sudan. Abyei is an area disputed between the governments of north and south Sudan, populated by a mix of Dinka and Misserya communities. Following the peace agreement, large numbers of IDPs were encouraged to return to the area, putting pressure on limited resources. Relief efforts focused on the groups most affected by the war, and so tended to favour the Dinka, creating resentment among Misserya. Analysis supported by DFID identified this imbalance as a potential source of conflict between the two communities.

The Integrated Strategic Plan for Abyei identified education as a key priority for both communities. In response to rising tensions and against a background of limited local capacity, DFID has supported UNICEF to develop and implement a rapid school building and education programme. This goal of the project is to reduce conflict and support the implementation of the peace agreement through the creation of 7,000 school places and basic education programmes for 500 young adolescents, serving both communities.

By creating benefits equally for both communities, the education programme has become a point of common interest, or 'connector' in Anderson's terms. Following a conflict, development activities that create benefits across the lines of division between communities can play a significant role in building support for peace.

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[3]   See the Collaborative for Development Action website, with numerous case studies and examples: www.cdainc.com

[4]   Anderson, op. cit.

On occasion, donors may inadvertently undermine prospects for peace at a more strategic level. A number of observers have been critical of the role of donors in the unsuccessful peace process in Sri Lanka from 2002 to 2004. The case illustrates the critical importance of analysis, and of monitoring the impacts of interventions on the conflict and on the peace process, particularly on the perceptions, motivations and fears of conflict parties.

Sri Lanka: The role of donors in the peace process

The decision to hold a donor conference for Sri Lanka in Washington in April 2003, from which the Tamil Tigers (LTTE) were excluded as a proscribed terrorist organisation, has been seen by some as a turning point, sending the peace process into decline. Until then, issues of development and humanitarian aid had been prominent in the negotiations, and had been perceived as a source of confidence building, as the LTTE and the Government of Sri Lanka (GoSL) had worked together to secure resources from the international community.

   LTTE blamed GoSL for the decision, and it underlined their concern that little had been done to operationalise the proposed joint aid distribution bodies for Tamil areas. They may have feared that, while their cooperation had been critical to unlocking reconstruction resources, these would now be controlled exclusively from Colombo. The Tigers rapidly made their participation at the next donor conference, in Tokyo in June 2003, conditional on progress in establishing an interim administrative structure for the North and East, in which they would have a significant role. This was rejected, leading to an LTTE boycott.

   Over the same period, 'Western' donors concerned about LTTE human rights abuses and commitments to democracy sought to introduce aid conditionality through a draft document 'Basic Principles for Peace and Development'. This required commitments from both sides, but the LTTE perception was that it was targeting them, without commensurate demands on GoSL. As a result, over a relatively short period:

- dialogue on development and humanitarian aid changed from a source of confidence building to a source of tension;
- LTTE increasingly doubted GoSL's willingness to devolve power – the core of the peace negotiations;
- threats of aid conditionality undermined LTTE's previously positive perception of the international community;
- the asymmetry of treatment between GoSL and LTTE ended the previous perception of a 'partnership for peace'. For the LTTE, this was replaced by a perception of leveraged negotiations, in which they felt pressured into making concessions.

   There are lessons here about the need for aid donors to be more sensitive to the political impacts and messages of our actions, and to monitor these closely.[5]

Aid donors can also contribute to conflict by inadvertently exacerbating or ignoring its underlying causes. As noted above, in Nepal it is likely that donors exacerbated conflict by failing to identify and address high levels of social, economic and political exclusion. Similar issues arose in Rwanda.

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[5]   From Philipson, L., *Sri Lanka Case Study: The Washington and Tokyo Conferences.* Background paper prepared for DFID conference on 'Development Dilemmas in South Asia' (March 2007).

Rwanda: What the donors didn't see

Rwanda was widely perceived as an aid success story in the 1980s, before collapsing into genocide in 1994. Uvin argues that donors' "narrow economic-technical approach" failed to address human rights violations, income inequality, authoritarianism, persistent impunity, and humiliation and fear in the daily lives of poor people.[6] Uvin highlights a number of issues which were not addressed:

- Acute, multi-dimensional social exclusion and inequality. Half the country lived in extreme poverty. While the population was overwhelmingly dependent on agriculture, land ownership was becoming concentrated in the hands of the elite, and landlessness was rising. Public policy prevented the poor from migrating to the cities or finding employment in the informal sector.
- People's experience of the state was negative. Jobs and state resources were allocated on the basis of connections. Officials worked largely in order to extract bribes. Impunity, including for orchestrating acts of violence, and corruption were common.
- Development activities were often perceived as offering little or no benefit to the poor, and were subjected to repeated violent attacks.

Uvin concluded that Rwanda was affected by 'structural violence' – a condition in which the poor were denied decent and dignified lives because their capacities were constrained by hunger, poverty and denial of human and identity rights.[7] This provided fertile conditions for an ideology which laid the blame for the suffering and frustration of the majority at the door of a minority community.[8]

The 'do no harm' principle also applies to humanitarian responses. In general, conflict-affected and fragile states are more prone to humanitarian crises. A thorough understanding of the conflict/fragility context, and how it may contribute to or exacerbate the crisis, will be important to choosing the right aid instrument and delivery partner, and to ensure interventions do not inadvertently increase conflict.

Conflict-sensitive development

Conflict sensitivity can be defined as the capacity of an organisation to understand the (conflict) context in which it operates, to recognise the interaction between its operations and that context, and to minimise negative impacts and maximise positive impacts.

By definition, conflict sensitivity seeks to avoid harm. Recently, DFID has begun to increase the conflict sensitivity of its own programmes. *Conflict auditing* is an internal review process intended to help DFID country offices assess the level of conflict sensitivity of their current portfolio and identify ways of strengthening it in the future.

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[6] Uvin, P. 'Development Aid and Structural Violence: The case of Rwanda', *Development* 42 (3) (1999).

[7] There is a considerable body of research linking the occurrence of *horizontal inequalities* with violent conflict. See Briefing Paper D and the work of Frances Stewart at www.crise.ox.ac.uk.

[8] Uvin, *op. cit.*

So far, conflict audits have been piloted in Yemen (see box below) and Pakistan. A standardised tool has not yet emerged.[9] The intention is that conflict audits should help bridge the gap that can emerge between analysis and programming. As currently envisaged, the approach involves the following steps:

1. Establishment of an audit team, comprising representatives from the DFID country office, DFID headquarters (a conflict adviser), an international and a national consultant.
2. The audit team reviews relevant conflict and political analysis from DFID, HMG and external sources.
3. The audit team conducts a paper review of DFID country plans and portfolio, to identify issues to follow up.
4. The audit team reviews selected programmes/interventions, looking at what is being done and how, and how it relates to the conflict situation, and prepares a report identifying good, conflict-sensitive practices and suggesting where practices could be improved.

Yemen conflict audit

In March 2008, a conflict audit was undertaken for DFID Yemen. The country office had previously carried out a wide range of conflict and political risk analysis, and wanted to use the audit to ensure that it was adequately factoring this analysis into its programming decisions. Some of the key findings of the audit were as follows:

- DFID Yemen is working in many of the right sectors to address conflict, and is reasonably well positioned to influence both government and donor responses.
- The main focus of DFID's work is on addressing deep-seated, structural problems, with long-term potential to reduce causes of conflict. However, short-term conflict may undermine these long-term goals, and more attention could usefully be focused on addressing immediate conflict dynamics.
- DFID Yemen should consider increased support for interventions that produce rapid, tangible benefits, particularly among marginalised communities. DFID's support to the Social Fund for Development (SFD) is seeking to address this need through supporting both quick impact and longer term service delivery projects. SFD is increasingly aligned with government policy and national planning, but is acutely aware of the benefits and pitfalls for state-building of remaining independent. Managing this tension is an ongoing debate for SFD and partners. The justice and water sectors could also offer opportunities to address drivers of insecurity.
- As an essential component of conflict sensitivity, DFID Yemen should strengthen its understanding of how development assistance and government resources are targeted, and the extent to which resources are reaching the poorest and most marginalised.
- DFID Yemen with HMG partners should consider what further steps could be taken to mitigate the impact of potential conflict triggers, including further food and oil price shocks and human rights violations.

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[9] There are a number of methodologies for approaching conflict sensitivity. As well as Do No Harm cited above, see also PCIA – Peace and Conflict Impact Assessment – Berghof Foundation's website or www.conflictsensitivity.org.

Most of the experience to date on conflict-sensitive development comes from NGOs and UN agencies. Experience of supporting government systems to be more conflict sensitive is more limited, and this is an area for further work.

Doing harm – donors may undermine state-building

There are also many ways in which donors may do harm by undermining state-building processes in situations of conflict and fragility; for example, by:

- substituting instead of developing capacity;
- creating parallel mechanisms and unsustainable solutions;
- promoting solutions that undermine government legitimacy;
- enabling and ignoring corruption;
- 'Balkanising' governments, through multiple engagements from multiple donors; and
- undermining nationally owned solutions by prioritising our own ideas.

Donors and partner governments in fragile situations are faced with multiple dilemmas as they seek to balance competing objectives. There may be a situation in which everything is a priority, and there is always a risk that responses to short-term crises may undermine long-term processes. While trade-offs are unavoidable, good practice requires that donors and partner governments "work together to establish tools and mechanisms that allow for the best balance to be struck between maximising the short-term positive impact of aid and building long-term sustainability of state institutions".[10]

Competing objectives 1 – immediate service delivery versus capacity development

In many fragile contexts, there is an urgent need to deliver assistance to the population in order to reduce immediate suffering. Where there is little or no capacity in government, it is often quickest and easiest to support delivery through parallel mechanisms, usually NGOs or UN agencies. In some cases, these arrangements persist even after government capacity has begun to develop. In the case of Afghanistan, for example, there has been criticism that the UN maintains a variety of parallel implementation mechanisms which deplete government programmes of staff and compete for funding.[11] East Timor provides a more positive example of how service delivery and capacity development can go together in an immediate post-crisis situation.

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[10] OPM/IDL. *Evaluation of the Implementation of the Paris Declaration: Thematic Study – The applicability of the Paris Declaration in fragile and conflict-affected situations* (2008)*.*
[11] *Ibid.*

East Timor: Balancing service delivery and capacity development

The violence that followed the withdrawal of Indonesian rule from East Timor in 1999 led to the departure of most health professionals and extensive destruction of health facilities. Donors initially relied on INGOs to provide emergency health services, but they also supported the development of new health institutions. A Joint Health Working Group, comprising UN experts, INGOs and East Timorese health professionals, was formed and helped establish an Interim Health Authority.

By the second phase of donor support, the priority had become the transfer of service provision to government. A transition strategy was developed, beginning with high-priority areas such as immunisation, tuberculosis and health promotion. New district health management teams were established to assume responsibility for local service delivery. The government planned to recruit doctors from other developing countries, while encouraging expatriate Timorese doctors to return. Donor finance also covered the costs of medical students abroad.

This transition strategy enabled a rapid restoration of basic health services. Within a four-year period, East Timor was estimated to have six functioning hospitals, 65 community health centres and 170 health posts, giving 87% of the population access to a health facility within two hours' walk. The key success factors were:

- keeping the long-term vision in mind while delivering immediate short-term benefits;
- the early development of coordination mechanisms and a strategic framework;
- a phased transition process, which did not demand too much from national systems too early; and
- the provision by donors of flexible, coordinated support, enabling INGO service delivery to be funded right up to the point when local authorities were able to take over.

Quick Impact Projects (QIPS) are often used in highly insecure environments, including by HMG in Iraq and Afghanistan. The UK Stabilisation Unit (SU) identifies three potential uses for QIPs, reflecting different departmental objectives:

- as a means to generate *consent* at the tactical level (MOD);
- as a tool for strategic communication or a *motif for peace* (FCO); and
- as a means to create the conditions for sustainable development (DFID).

After nearly six years of implementing QIPs, there is a growing body of experience around how they can be used effectively to support these objectives (see the example from Afghanistan below). But the SU also notes potential tensions between these objectives and the possibility of harm.[12] For example, QIPs intended to generate consent in the short term may undermine long-term development and state-building if they bypass legitimate local authorities, create expectations for service delivery which cannot be met (e.g. schools rehabilitated without teachers being available, health clinics without medical staff or supplies) or favour certain communities at the expense of others.

They may also raise dilemmas over the use of resources – for example, whether to provide a generator to meet the immediate needs of the governor and the vicinity, or to put resources towards a longer term programme to provide electricity for the entire district or municipality. Some NGOs have also raised concerns that attempts by

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[12]   Stabilisation Unit, *Issues Note: Quick Impact Projects* (draft) (2008).

security forces engaged in military action (such as the Coalition Forces in Afghanistan) to provide humanitarian assistance may undermine the humanitarian space (and so the security) of non-governmental aid providers.

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Afghanistan: Quick Impact Project in Helmand

Although QIPs generally seek to provide rapid, visible results, some of the most successful are those which focus on 'enabling communications' or 'improving relations between populations and the state'.

In Sangin District of Helmand Province, the Stabilisation Team identified that the youth of Sangin were particularly susceptible to Taliban influence: they were old enough to carry communications and parts for improvised explosive devices but not mature enough to understand the consequences of their actions. A QIP was actioned to hold 'Youth Shuras'. These were designed to expose the youth to traditional Afghan methods of debate, community dialogue and decision making. It also enabled them to discuss issues between themselves and to highlight their concerns and make proposals to adults. Support was on hand from the governor, the mayor and other line ministry representatives to help with any proposals. There was very little international involvement in the set up of the Shuras.

This project delivered important, if intangible, results: it opened channels of communication between a sector vulnerable to Taliban influence (youth) and representatives of the Afghan state; it also enabled youth to express their concerns and to develop non-violent options to address those concerns.

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The developing good practice on QIPs points to the critical importance of the relationships and communication between HMG departments involved in their development and delivery. The need to understand each others' needs and perspectives is critical. In addition, QIPs (of all types) should:

- sit within a wider strategic framework, ideally aimed at supporting the relationship between the population and the government;
- meet real needs *identified by communities*, involve consultation with these communities and government, and be seen to be delivered through government-blessed structures or processes where possible and appropriate; and
- be planned and delivered to a high standard, with close attention to design (including the need to avoid unintended consequences), management and effective delivery. A testable theory of change linked to higher objectives, and credible monitoring and evaluation systems, should be established.[13]

Even when longer term state-building is prioritised over immediate service delivery, donor actions may still have unintended impacts. In Afghanistan, donors have aligned with government systems in a situation of severe capacity deficits and continuing security challenges that has hampered the restoration of government services. This has strengthened perceptions among some communities that the state is corrupt and a vehicle for patronage.

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[13]   For more guidance, see the Stabilisation Unit, *op. cit*.

The need to recruit and retain key staff to government programmes often leads to another short-term response – salary top-ups. While these may offer short-term advantages, they can distort local labour markets and be unsustainable in the longer term. DFID Afghanistan has developed a policy to address the issue.

Afghanistan: Civil service salary top-ups

The public sector in Afghanistan is characterised by weak central government agencies and extremely limited human resource capacities. One of the causes is low and compressed pay levels. There is a deficit of skilled Afghans in the domestic labour market, and competition with international wage rates means the Government of Afghanistan (GoA) cannot recruit or retain good staff at salary levels it can afford. The donor response has been salary top-ups. However, these risk making matters worse, since they create liabilities that GoA will have to finance in the future – a problem which is recognised explicitly in the Afghanistan Compact.

As part of broader efforts to support effective GoA recruitment, DFID has established a policy on salary top-ups. This allows top-ups only as a last resort, when other channels have been exhausted, and when they are accompanied by a combination of structural reform and training which together change the performance incentives of the public sector. Other criteria include:

- when there are no other official mechanisms for payment of salaries or increments;
- when such payments have been agreed with key stakeholders (Civil Service Commission, Ministry of Finance, line ministries, World Bank/IMF and the major donors); and
- when there is an agreed timeline for transferring responsibility for salary payments to GoA.

The tendency to prioritise service delivery can mean that, when recruiting technical advisers, donors choose 'doers' over people with capacity-development and training skills. As a result, advisers often end up doing the job rather than building capacity, leaving national staff disempowered and without capacity to take over when the advisers leave.[14]

Competing objectives 2 – immediate security versus long-term stability

In highly insecure environments, the need to establish security rapidly is a critical priority for both government and the population. Without a level of physical security, it is impossible to rebuild the economic, political and social activity on which recovery is based. There may, however, be trade-offs, (particularly in situations in which state security forces are weak) between establishing immediate security and long-term stability and institution building.

On occasion, security arrangements have involved significant roles for non-state armed groups – for example, in Afghanistan following the overthrow of the Taliban. The behaviour of these non-state groups, whether or not they are officially mandated

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[14]   Brinkerhoff, D.W., *Capacity Development in Fragile States,* ECDPM (May 2007). See also: Ball, N., 'Democratic Governance and the Security Sector in Conflict Affected Countries', in D.W. Brinkerhoff (ed.) *Governance in Post-Conflict Societies: Rebuilding fragile states,* Routledge (2007), and Mani, R., *Beyond Retribution: Seeking justice in the shadows of war*, Polity Press (2002).

to enforce security, is likely to affect perceptions of the government. Abuses of power by these groups, such as human rights violations and corruption, are likely to weaken the legitimacy of the state in the eyes of the population, through giving the impression that the government either endorses (or is indifferent to) this conduct or is too weak to prevent it. Arrangements with non-state groups may also pose challenges for the re-establishment of legitimate state security forces in due course. Against these problems, international policymakers have to balance, in such cases, the need to fill what would otherwise be a security vacuum to prevent a resurgence of opposition forces.

Competing objectives 3 – poverty reduction versus addressing inequality

The potential for economic inequality between different social groups to contribute to conflict has been identified by Frances Stewart in her work on 'horizontal inequalities'. There is also a recognised correlation between poverty (particularly low incomes and low growth) and conflict – in short, the poorer the country, the higher the likelihood that it will experience conflict.

In situations of conflict and fragility there may be a dilemma for policymakers between policies which focus purely on addressing inequality and those aimed at broader growth and poverty reduction. Growth policy in these situations needs to strike a careful balance between measures aimed at strengthening peace through reducing (or at least not exacerbating) inequalities and efforts focused on reducing absolute poverty. In practice, governments and donors in fragile states have few levers with which to impact growth trends in the short term. It is often only possible to consider the immediate distributional impacts of investments and employment opportunities.

Evidence suggests that it is important to prioritise peace and stability at the start of a post-conflict reconstruction and growth process. There is broad agreement that macroeconomic policies that deliver price stability and a credible currency will contribute to both stability and welfare. Direct and indirect expenditure policies (such as security expenditure and employment creation) may also help build stability and restore confidence. Specific measures to reduce income inequality – for example, by improving incomes of the poor relative to the non-poor – may also help by delivering a peace dividend for excluded groups.

Once a minimum level of stability is established, economic growth and employment opportunities can, over time, help reduce the risk of a country slipping back into conflict.[15] We should therefore monitor the impact of policies on income distribution and seek to balance immediate impacts and medium-term policies for promoting economic development with reducing inequalities.

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[15] Collier, P., Hoeffler, A. and Soderbom, M., 'Post-Conflict Risks', *Journal of Peace Research,* forthcoming.

Applying DFID's Conditionality Policy – suspending budget support

DFID's Conditionality Policy[16] is an explicit attempt to avoid some of the harms that donor actions have caused in the past. It aims to bring about a more balanced partnership between DFID and recipient governments, to end the practice of forcing countries to accept certain policy prescriptions and to make aid more predictable. The policy sets three criteria as the basis for partnership: (1) a commitment to poverty reduction; (2) respect for human rights and other international obligations; and (3) improved public financial management and accountability. Breaches of these criteria do not trigger automatic suspension of aid, but instead lead to dialogue.

Since the introduction of the policy, there have been a number of occasions when DFID has suspended budget support, principally in response to breaches of criterion 2. In each case, a key concern has been to do this in a way that does not increase suffering for the poor or undermine poverty reduction. The case studies below illustrate two different approaches adopted, and their effectiveness.

Suspending Poverty Reduction Budget Support

Ethiopia: In 2002, DFID agreed to provide budget support to Ethiopia totalling £60 million over three years. In May 2005, disputed election results led to a major political crisis. Following allegations of vote rigging, police opened fire on demonstrations that had turned violent, killing 42 people. A number of police also died. In October 2005, the police response to further violent opposition demonstrations (calling for a government of national unity) led to over 100 deaths and the arrest of thousands. International observers later concluded that the conduct of the elections had been largely fair.

DFID responded to the May incident by cancelling a planned increase in budget support, diverting £20 million to other channels. Following the October events, budget support donors collectively informed government that they were discontinuing budget support. A number of bilateral donors withdrew from Ethiopia altogether.

The UK made the decision not to reduce its overall level of support for Ethiopia, due to concerns that an economic crisis triggered by a sudden withdrawal of external aid would only punish the poorest. DFID worked with the World Bank and CIDA to develop the Protection of Basic Services Programme (PBS) as an alternative channel for funding pro-poor service delivery. The PBS funds block grants from federal to regional and district governments for health, education, water and agriculture, and is subject to a higher level of earmarking and fiduciary controls than general budget support. The instrument is subject to various conditions, including that funding is not manipulated for party political purposes. The PBS programme delivered much the same intended benefits as budget support, but was considered more accountable. It helped to ensure that progress towards the MDGs continued despite the crisis in relations between donors and the government.

However, the withdrawal of budget support was not without cost. Restructuring the country programme took time, and affected the continuity of disbursements. The crisis led to a breakdown in the development partnership, leaving government wary of the harmonisation agenda. Since then, DFID Ethiopia has argued in its Country Governance Assessment for alternative, diplomatic mechanisms for signalling disapproval on political matters.

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[16] See *Partnerships for Poverty Reduction: Rethinking conditionality. A UK Policy Paper,* DFID (March 2005).

> **Sierra Leone:** DFID has provided £15 million a year in Poverty Reduction Budget Support to Sierra Leone since 2001. By 2006, budget support (also offered by the World Bank, European Commission (EC) and the African Development Bank) amounted to a quarter of the budget. In 2007, the government failed to clear a five-year backlog in unpublished public accounts, and the same time shortfalls in domestic revenue collection caused the budget to go off track. DFID decided it was necessary to suspend budget support to manage fiduciary risk and encourage accountability reforms. However, the suspension also posed a threat to macroeconomic stability, severely tested the already weak budget process, undermined the credibility of the Ministry of Finance across government and led in many areas to a deterioration of public services. It may also have undermined the governing party shortly before a national election, and was perceived by some to signal a desire for regime change.
>
> Budget support donors maintained a united front in their dialogue with government over this period, and intensified their monitoring of the budget process. Disbursement of an unconditional tranche of EC budget support filled a crucial gap, allowing dialogue to continue until the final accounts were published. At this point, DFID was able to release its disbursement. Though there were clearly some significant costs to the national economy and the continuity of services, the eventual publication of audited public accounts was considered an important step towards responsible and accountable government.

While the Conditionality Policy seeks to limit harm, particularly by making aid more predictable, there will nonetheless be occasions when DFID suspends its support. However, the policy requires us to take this step only as a last resort, and the Ethiopia example suggests a need for alternative strategies and responses that can send the necessary political signal while preserving a level of continuity of support.

Key lessons

- **Aid can do harm in multiple ways**. Negative impacts are frequently unforeseen and unintended.

- It may be impossible to eliminate all harm, but potential **negative impacts must be fully acknowledged**, mitigated where possible and balanced against positive benefits.

- **Good analysis is essential to reducing harm.** Analysis must address the influence of aid on conflict and fragility, looking in particular at its political impacts and the perceptions of key actors.

- **Conflict-sensitive development**, which seeks to maximise the positive impacts of aid on conflict and fragility, should underlie all our interventions in such situations.

- *How* **aid is provided is as important as the amount and type of aid.** Careful consideration must be given to the choice of modalities, partnerships, design and consultation processes, and the ways in which beneficiaries are targeted.

- **It is critical that aid addresses perceived grievances**, including income inequalities and access to development benefits.

- While recognising the trade-offs between long-term and short-term objectives (e.g. capacity development and service delivery), it is important to **develop long-term frameworks at an early stage**, **alongside addressing immediate needs**.