



**Independent
Commission
for Aid Impact**

Evaluation of the inter-departmental Conflict Pool

Terms of Reference

1. Introduction

1.1 The Independent Commission for Aid Impact (ICAI) is the independent body responsible for scrutinising UK aid. We focus on maximising the effectiveness of the UK aid budget for intended beneficiaries and on delivering value for money for UK taxpayers. We carry out independent reviews of aid programmes and of issues affecting the delivery of UK aid. We publish transparent, impartial and objective reports to provide evidence and clear recommendations to support UK Government decision-making and to strengthen the accountability of the aid programme. Our reports are written to be accessible to a general readership and we use a simple ‘traffic light’ system to report our judgement on each programme or topic we review.

1.2 The Conflict Pool is a funding mechanism managed jointly by the Foreign and Commonwealth Office (FCO), the Ministry of Defence (MOD) and the Department for International Development (DFID). It is funded from a separate Treasury settlement which is additional to departmental budgets. It is the principal mechanism by which the UK Government allocates funding for conflict prevention, stabilisation and discretionary peacekeeping overseas.¹ The Conflict Pool has £256 million of funding in 2011-12, rising to £309 million in 2014-15. This comprises both Official Development Assistance (ODA) and non-ODA spending, with the ODA proportion of the budget rising from 51% in 2011-12 to 65% in 2014-15.

1.3 We have decided to conduct an evaluation of the Conflict Pool, to assess whether it is strategic in nature, managed appropriately across the three departments and achieving its intended impact. As our mandate is to scrutinise ODA, we will not directly evaluate the outcomes or impact of non-ODA Conflict Pool activity but will need to consider it as part of our review of strategy and co-ordination.

1.4 These Terms of Reference outline the purpose and nature of the evaluation and the main themes that it will investigate. A detailed methodology will be developed during an inception phase.

2. Background

2.1 The Conflict Pool supports a range of activities designed to reduce the number of people around the world whose lives are or might be affected by violent conflict. The Conflict Pool funds discretionary conflict prevention, stabilisation and peacekeeping activities, focussing on tackling threats to stability in high-risk fragile and conflict-affected countries where UK interests are most at stake and where the UK can have an impact.

2.2 The Conflict Pool has existed since 2001, originally as two separate funds – the Africa Conflict Prevention Pool and the Global Conflict Prevention Pool – which merged in April 2008 to form the Conflict Pool. A separate instrument, the Stabilisation Aid Fund, was established in the same year to support stabilisation planning in Iraq and Afghanistan. This

¹ FCO website, www.fco.gov.uk/en/about-us/what-we-do/spend-our-budget/funding-programmes1/conflict-funding/conflict-pool/.

latter fund was merged into the Conflict Pool in 2009.² One of the original objectives for establishing the Pool was to strengthen the UK's conflict prevention activities by joining up expertise in development, diplomacy and defence across the three departments.

2.3 The Conflict Pool's budget for 2011-12 to 2014-15 was set out in the 2010 Spending Review. A proportion of this (currently around £58 million) is used for the ODA element of the UK's assessed (mandatory) contributions to UN peacekeeping operations. In addition, up to £374 million of non-ODA is available for this per year from the Treasury Reserve. If more is required for these mandatory contributions, the Conflict Pool is the first port of call. Remaining Conflict Pool funds can then be used for its discretionary activities.

2.4 The Conflict Pool allocation is £256 million in 2011-12, £270 million in 2012-13, £290 million in 2013-14 and £309 million in 2014-15.³ In 2011-12, £76 million (including around £58 million of ODA) was earmarked for assessed peacekeeping costs, leaving a balance of £180 million for discretionary Conflict Pool activities. In 2010-11, the Conflict Pool supported 370 individual activities, ranging in size from around £20,000 (e.g. grants to Non-Governmental Organisations) to £18 million (the UK voluntary contribution to the UN peacekeeping mission in Cyprus, UNFICYP). The activities are divided into six programmes:

- Afghanistan;
- South Asia;
- Africa;
- Middle East and North Africa;
- Wider Europe; and
- Strategic Support for International Organisations/Strengthening Alliances and Partnerships,

2.5 The largest programmes by expenditure were Afghanistan (40.3% of total spending), Africa (19.5%) and Wider Europe (16.2%).⁴ The latter includes the Western Balkans, North and South Caucasus, Central Asia and UNFICYP.

2.6 The Conflict Pool includes both ODA and other expenditure. In 2010-11, 62% of its expenditure was classed as ODA. The non-ODA expenditure included military assistance, aspects of security sector reform, capacity building for peacekeeping operations and activities in countries such as Cyprus that are not eligible for ODA. Under Organisation of Economic Cooperation and Development - Development Assistance Committee (OECD-DAC) rules, contributions to certain international organisations are considered to be partially ODA.⁵ The envisaged ODA/non-ODA split for the Spending Review period is set out in Table 1, although this could change if additional mandatory peacekeeping funding is required. The Conflict Pool's ability to combine ODA and non-ODA resources has the potential to make it more flexible than a traditional development agency.

² *The Economic Impact and Effectiveness of Development Aid: Oral and Written Evidence*, House of Lords Select Committee on Economic Affairs, page 227, www.parliament.uk/documents/lords-committees/economic-affairs/DevelopmentAid/DevAidEvidenceVol.pdf.

³ FCO website, www.fco.gov.uk/en/about-us/what-we-do/spend-our-budget/funding-programmes1/conflict-funding/.

⁴ Information provided to ICAI by DFID.

⁵ *Is it ODA?*, OECD, November 2008, www.oecd.org/dataoecd/21/21/34086975.pdf.

Table 1: ODA/non-ODA split of Conflict Pool budget 2011-12 to 2014-15⁶

Year	2011-12	2012-13	2013-14	2014-15
Conflict Pool budget (£ millions)	256	270	290	309
Of which ODA (£ millions)	130	150	175	200
Of which non-ODA (£ millions)	126	120	115	109
% ODA	51	56	60	65

2.7 From 2011-12, the annual budget of the tri-departmental Stabilisation Unit (£12 million) comes from the Conflict Pool.⁷ The Stabilisation Unit sometimes provides staff resources used by Conflict Pool programmes, especially the Afghanistan programme, either through its own staff or through the Civilian Stabilisation Group – a roster of over 1,000 civilian experts from the public and private sectors covering a range of relevant skills.

2.8 The Conflict Pool's management structure across DFID, FCO and MOD is as follows:

- the **Building Stability Overseas Board (BSOB)**, made up of the Conflict Directors of each department, sets the overarching strategy for the Conflict Pool and oversees its reform;
- a **Tri-Departmental Secretariat** supports the BSOB;
- each of the six programmes is managed by a **Programme Board** (chaired by a Senior Responsible Officer), which is responsible for strategy and programme decisions, and a Programme Manager; and
- each activity is managed and implemented by one of the three departments, using its own systems and procedures.

2.9 From 2001 to 2010, there was no overarching strategy for the Conflict Pool(s), which were sometimes criticised for piecemeal funding decisions. In October 2010, the Prime Minister tabled *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*.⁸ This overarching security strategy includes a commitment to using 30% of UK aid to support fragile and conflict-affected states, together with increased investment in conflict prevention, security sector reform and arms control. It states that funding for the Conflict Pool will increase to £300 million by 2014-15.

2.10 In July 2011, the UK Government adopted the *Building Stability Overseas Strategy* (BSOS),⁹ which provides the operational strategy for the Conflict Pool. The strategy

⁶ <http://www.publications.parliament.uk/pa/cm/cmtoday/cmwms/archive/110405.htm#d2e292>.

⁷ Information provided to ICAI by DFID.

⁸ *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, presented to Parliament by the Prime Minister, October 2010, http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_191634.pdf?CID=PDF&PLA=furl&CRE=sdsr.

⁹ *Building Stability Overseas Strategy*, DFID, FCO & MOD, July 2011, <http://www.dfid.gov.uk/Documents/publications1/Building-stability-overseas-strategy.pdf>.

analyses drivers of conflict and instability, defines various approaches to preventing conflict and sets out the three pillars of the UK strategic response to conflict prevention:

- ‘Early warning: improving our ability to anticipate instability and potential triggers for conflict.’
- ‘Rapid crisis prevention and response: improving our ability to take fast, appropriate and effective action to prevent a crisis or stop it spreading or escalating.’
- ‘Investing in upstream prevention: helping to build strong, legitimate institutions and robust societies in fragile countries that are capable of managing tensions and shocks so there is a lower likelihood of instability and conflict.’

2.11 The BSOS contains commitments to reforming the Conflict Pool, including by introducing a stronger results focus, improving programme management and ensuring more predictable resource flows. It calls for a ‘step change’ in measuring impact, relying less on subjective internal assessments and more on external expertise and data. It also states that:

‘We will open up our work to more external challenge and evaluation, using an independent view of the Government’s conflict prevention performance to challenge our thinking and drive continuous improvement. As a first step the new Independent Commission for Aid Impact (ICAI) which reports directly to the International Development Committee in Parliament has signalled that it will carry out an evaluation of ODA spent through the Conflict Pool during financial year 2011/12. This will cover work by all three Departments. Building on this, we will put in place an evaluation strategy for the Conflict Pool, covering the Spending Review period. This will help to focus our programming and improve lesson learning.’¹⁰

3. Purpose of this review

3.1 To assess whether the Conflict Pool has led to a coherent, strategic and effective approach to conflict prevention by the UK Government.

4. Relationship to other reviews

4.1 The last independent evaluation of the Conflict Prevention Pools was in 2004, commissioned by the three departments and the Treasury.¹¹ It involved four country case studies and two thematic studies. The evaluation concluded that many worthwhile activities were underway but that it was ‘far too early’ to assess results. It concluded that the three departments lacked a ‘consistent set of ideas’ as to what kinds of intervention produced the greatest effect for the lowest cost on different types of conflict. There was often a mismatch between the small amount of resources allocated to particular conflicts and the level of ambition of the goals.

4.2 A desk review of the Africa Programme was carried out in July 2010 by external consultants, commissioned by the three departments,¹² with four country case studies. It drew attention to the lack of a continental conflict-prevention strategy and the tendency to treat the Conflict Pool as a pot of funds for projects without a clear strategic focus. It noted considerable scope to improve value for money through management reforms.

¹⁰ *Building Stability Overseas Strategy*, DFID, FCO & MOD, July 2011, <http://www.dfid.gov.uk/Documents/publications1/Building-stability-overseas-strategy.pdf>.

¹¹ Austin, Greg, Emery Brusset, Malcolm Chalmers and Juliet Pierce, *Evaluation of the Conflict Prevention Pools: Synthesis Report*, DFID, March 2004, <http://www.oecd.org/dataoecd/7/16/35094094.pdf>.

¹² Richard Burge, Dylan Hendrickson, James Morton and Funmi Oloisakin, *Africa Conflict Prevention Programme – Achievements and Future Focus*, TripleLine Consulting, July 2010.

4.3 The National Audit Office (NAO) is currently undertaking a financial review of the Conflict Pool, which includes an examination of the inter-department management and funding allocation arrangements.

5. Analytical approach

5.1 The Conflict Pool was created to increase the quality of UK Government efforts to reduce the incidence of conflict around the world by promoting a more joined-up approach across DFID, FCO and MOD. To assess whether it is achieving its goals, the evaluation will look at three different aspects of the Conflict Pool.

5.2 First, it will consider whether the Conflict Pool has indeed led to improved interaction between the three departments in the area of conflict prevention. This will include looking at whether they have shared practices in areas such as conflict analysis and conflict risk monitoring and a shared understanding of conflict prevention approaches. It will also consider whether, in the context of particular conflict situations, the three departments are acting in a complementary and mutually reinforcing way and whether this is visible in the selection, design and implementation of activities.

5.3 Second, the evaluation will consider whether the Conflict Pool is strategic in nature at the portfolio level. This means assessing whether the activities funded by the Conflict Pool add up to a coherent approach to conflict prevention. We note that a funding instrument of this kind could contain quality individual activities and yet achieve little strategic impact if the funding is fragmented and fails to address the underlying drivers of conflict. The strategic nature of the Conflict Pool will be assessed at two levels:

- **Aggregate level:** this will involve assessing whether the three departments share a credible, overall strategy for conflict prevention and whether the types of activities that are being funded are consistent with a clear strategy. Our review will consider whether the Conflict Pool is concentrating its resources into strategic areas to maximise impact or spreading its resources too thinly, having regard to what other agencies and donors are doing on conflict prevention. This includes looking at the complementarity between Conflict Pool activities, DFID country programmes and relevant FCO and MOD engagement on conflict prevention; and
- **The response to particular conflicts:** through case studies, our review will assess whether there is a shared understanding of the drivers of conflict, an explicit strategy for addressing them and a portfolio of activities that is consistent with the analysis and the strategy.

5.4 Third, the evaluation will consider whether the Conflict Pool is delivering results at the activity level. This will involve examining how the Conflict Pool measures results. In this review, we will collect and synthesise existing reporting on results. We will also examine a sample of activities in two case studies to see whether the target populations have been clearly identified and whether there is evidence of impact. We will seek to collect views from national stakeholders and intended beneficiaries (where they exist) in the target areas as to whether the activities in question have had a material impact on levels of conflict and conflict risk.

5.5 As our mandate is to scrutinise ODA, we will not directly evaluate the outcomes or impact of non-ODA Conflict Pool activity. We will, however, need to consider this non-ODA activity in order to examine properly the Conflict Pool's strategy and co-ordination. Our review will also consider whether the guidelines and practices for categorising expenditure as ODA are appropriate.

6. Indicative evaluation questions

6.1 A detailed methodology will be developed during the inception phase, setting out the evaluation questions and the methods to be used for answering them. Likely evaluation questions include:

6.2 Objectives

6.2.1 Does the Conflict Pool have a strategic approach to allocating its resources, based on clear policies and objectives?

6.2.2 Does the Conflict Pool have clear policies and strategic guidance on programming choices and activity selection?

6.2.3 Does the Conflict Pool have a strategic approach to engaging with particular conflict situations, based on robust analysis of the country context and drivers of conflict?

6.2.4 Does the Conflict Pool complement other activities by the UK Government and other agencies and donors and avoid duplication?

6.2.5 Are individual activities technically sound and based on clear and logical theories of change?

6.3 Delivery

6.3.1 Are the choices of implementing agencies and other partners appropriate?

6.3.2 Do the three departments have adequate approaches to the governance and financial management of Conflict Pool activities and are adequate steps being taken to avoid corruption?

6.3.3 Is the delivery of Conflict Pool activities helping to improve co-operation across the three departments? Is there evidence of joint working and synergies between activities?

6.3.4 Is Conflict Pool spending helping to leverage resources from other UK and international sources?

6.3.5 Are risks to the achievement of programme objectives identified and managed effectively?

6.3.6 Are the intended impacts and beneficiaries of Conflict Pool activities clearly identified?

6.4 Impact

6.4.1 Is the Conflict Pool delivering a sustainable reduction in conflict and conflict risk?

6.4.2 Do Conflict Pool activities help to strengthen national advocates and community capacities for conflict reduction?

6.5 Learning

6.5.1 Do the three departments have appropriate arrangements for monitoring inputs, processes, outputs, results and impact from Conflict Pool activities?

6.5.2 Is there evidence of innovation and use of global best practice?

6.5.3 Are Conflict Pool activities contributing to learning across the three departments on conflict prevention and helping to strengthen the UK Government's overall conflict prevention approach?

7. Methodology

7.1 The evaluation methodology will comprise the following elements:

- a brief review of literature and evidence available internationally on conflict reduction and peace-building strategies and approaches;
- a review of the management arrangements for Conflict Pool activities across each of the three departments, based on key informant interviews;
- a review of documentation on the Conflict Pool, including strategies, policies, guidelines and reporting;
- an overall portfolio review of the Conflict Pool, looking at spending patterns and types and whether they show evidence of strategic use of resources; and
- case studies of two conflict situations, each involving:
 - a review of conflict reduction strategies and approaches and whether there is a strategic mix of activities;
 - an examination of management, delivery and monitoring arrangements for Conflict Pool activities;
 - a synthesis of activity reporting and results data; and
 - a review of the impact of a sample of Conflict Pool activities.

7.2 The choice of case studies will be finalised during the inception phase. Possibilities have identified as follows:

Country	No. of projects (2011-12)	Planned expenditure (2011-12)
Pakistan	24	£3.76 million
Sudan	7	£8.2 million
Democratic Republic of Congo	5	£1.8 million
Lebanon	4	£1.25 million
Nepal	8	£880,000
Sri Lanka	5	£1.2 million

7.3 Afghanistan is the largest area of operation for the Conflict Pool, representing around 40% of the expenditure. This evaluation will not use Afghanistan as a case study, however, due to its close proximity to our evaluation of DFID's programme controls and assurance in Afghanistan, as well as the logistical difficulties associated with visiting activities on the ground in Helmand Province.

8. Timing and deliverables

8.1 This review will commence in January 2012, with a final report available during the second quarter of 2012.

8.2 The main deliverables will be:

- the main report, in the standard ICAI format; and
- a summary of the Conflict Pool portfolio analysis, which may form an annex to the main report.