

## Putting flesh on the bones of the new UK Aid Strategy

DFID has finally published four separate strategy reviews which put flesh on the bones of the [UK Aid Strategy](#) published in November 2015. The four reviews are: the [DFID Research Review](#), published in October; the [Civil Society Partnership Review](#), published in November; and the [Bilateral](#) and [Multilateral](#) Reviews, both published in December.

Can we agree straight away: one integrated publication would have been better than four, and would have stopped in our tracks all those of us who will say a White Paper is now needed to pull all the policy together?

Oh, well. We are where we are. We can also agree two other points. First, that these are serious pieces of analysis, which reflect serious thinking within DFID about how to respond to new challenges. Second, that in a rational world, the documents should lay to rest a pernicious debate about the importance and impact of UK aid: the documents are replete with powerful examples of aid used well, whether in agriculture, health, nutrition, or the diffusion of mobile technology.

The Reviews need unpacking, however, individually and collectively, and all in the context of the overall aid strategy. When we do so, 3 conclusions stand out:

First, there is a strategic consistency running from the aid strategy to the four supplementary reviews: the framing of development cooperation as being about both self-interest and altruism; the rising profile of work in fragile states, especially those in the Middle East and Africa; an emphasis on growth and the private sector; the commitment to 0.7; retaining DFID; the reiteration of manifesto commitments; and a commitment to transparency, accountability and value-for-money.

Second, there are important innovations in the reviews which repay closer attention. I focus on five of these:

- (a) 'The arc of instability' and the redefinition of 'fragile states';
- (b) Resource allocation and the concept of 'person poverty years';
- (c) The expansion of performance-based funding, especially vis-à-vis multilaterals;
- (d) The issue of development capital; and, last but not least,
- (e) The rejigging of NGO funding.

Third, there are next steps to think about. Seven are worth emphasising:

- (a) Drawing lines backwards;
- (b) Building a new DFID results framework;
- (c) More detail on numbers;
- (d) Clarity about the choice between bilateral and multilateral channels;
- (e) The meaning of partnership;
- (f) DFID as a global leader; and
- (g) Complete and unified reporting and accountability.

There are many topics I have not explored in these notes. For example, the analysis of the changing environment and future threats/opportunities deserves more study, including the

future of globalisation, climate action and the role of the private sector. The implications of Brexit are rather little discussed. More could be said about the interface between diplomacy, development and defence, and in general about policy coherence and Beyond Aid issues. However, the overall conclusion is that DFID's reviews are serious, repay further study, demand discussion – and imply a future work programme.

### **What do the documents say?**

The analysis needs to begin with a summary, of the aid strategy itself and of the four reviews. Bear with me. This will take a while.

### **The 2015 Aid Strategy**

I [reviewed the aid strategy when it first came out](#), and can summarise my summary as follows:

The overall framing is that a re-think is required because global issues are more prominent than previously, and these affect both the development prospects of poor people, and the prosperity and safety of the UK. It says that the new priorities are consistent with the new Sustainable Development Goals.

Four new strategic priorities are identified, viz

- Strengthening global peace, security and governance;
- Strengthening resilience and response to crises;
- Promoting global prosperity; and
- Tackling extreme poverty and helping the world's most vulnerable.

The document announces a 'geographic re-focus', with more funding to fragile and conflict-affected states, including Syria and other countries in the Middle East and North Africa.

A cross-Government approach is promised, with 'more aid administered by other Government Departments'. Three cross-Government funds are noted: the Conflict, Stability and Security Fund (CSSF); a new oda crisis reserve; and a new Prosperity Fund. Funding of the CSSF will rise by about 30%, from £1bn in 2015/16 to £1.3bn by 2019/20. This will include a substantial expansion of work in Eastern Europe and the Balkans, and in North Africa. 50% of DFID's budget will be allocated to fragile states and regions. There will also be funding for the BBC World Service. An investment of at least £735m will be made in CDC

The document commits to Leave No-one Behind, and to prioritise girls and women. It says that

'Delivering the 'basics' of development and finishing the job of the Millennium Development Goals will continue to be central to the government's approach to international development. The government remains committed to meeting in full all its manifesto commitments, including those on health, education, nutrition, water and sanitation and family planning'.

There is a final chapter on Value for Money. The document reiterates existing commitments to independent evaluation and to transparency. It says that HM Treasury and DFID will co-chair a working group, reporting to ministers, to ensure value for money. It also announces an end to traditional general budget support and an extension of Payment-By-Results.

### **The Research Review**

The [Research Review](#) was the first of the four new reviews to be published, in October. There is strong support for research in the Introduction by the Secretary of State, Priti Patel, and a clear statement in the document of DFID's comparative advantage: .

'DFID's strong comparative advantage lies in its ability to fund high quality research that responds to practical development challenges, and meets the needs of DFID and other development actors. Crucially, DFID's research focuses on generating evidence on how to address the toughest challenges in the hardest places.'

The main text adds that research funded by DFID should be 'operationally relevant'.

The document identifies five key themes for research funding:

- To support DFID's growing focus on fragile and conflict affected states and regions, and the golden thread of development, DFID will invest in research to address critical evidence gaps, including security and justice, migration, taxation and accountability, and tackling political constraints to growth, peace, and development. DFID will also significantly increase support for research and innovation in humanitarian settings, including stronger focus on building resilience, addressing protracted crises, reducing vulnerability to shocks, and delivering education in emergencies.
- A significant scale up in health through the Ross Fund Portfolio to deliver on the government's commitment to lead a major new global programme to accelerate the development of vaccines and drugs to eliminate the world's deadliest infectious diseases. New research will also provide evidence on how to build stronger and more resilient health systems . . . and how to strengthen sexual, reproductive, and maternal health programmes for women and adolescents.
- A significant research investment on climate, energy and water, including how to deliver and put into use innovations in access to water and climate science, build resilience and integrate weather disaster risk reduction into development approaches, and scale up access to clean energy.
- A continuation of large-scale research investment into sustainable agriculture, to improve nutrition and food security and increase resilience to climate change in developing countries.
- Research to help better understand what works best to build the foundations for economic development – including how to accelerate development through trade, support innovation and private sector growth, support the critical transition of youth into employment, and address constraints to the economic and social empowerment of women. This will include a significant increase in our investment in education

research, including a major initiative to use digital technology to transform learning outcomes.

The document identifies criteria for selecting research investments, viz: impact; additionality; quality; deliverability; and cost. It announces a spend of £390m p.a. over next 4 years – around 3% of funding, plus £357m through the Ross Fund on disease.

### **The Civil Society Partnership Review**

The [Civil Society Partnership Review](#) was the second of the reviews to be published. It is a short and high-level document (main text of only 8 pages), focusing on that part of DFID's funding through NGOs (about a third of the total) which is managed by the central Civil Society Department. The best summary is to be found in Priti Patel's Foreword, which says

'The main strategic outcome of this review is to enhance the relationship DFID has with existing high performing organisations and to develop new partnerships with a broader range of CSOs. This includes moving away from the previous system of upfront, unrestricted core funding from the UK Government to the largest CSOs, and towards a more open, competitive and outcome-focussed model of funding.

This in no way devalues the importance we place on working in strategic partnership with CSOs that share the Government's objectives. But it does reflect a new emphasis on widening the range of partners we work with – including civil society in developing countries – and introducing a clearer focus on results. Previously, as well as upfront, unrestricted funding for the largest NGOs, DFID also had many separate funding streams for CSOs. This sometimes led to confusion and duplication. One of the central outcomes of this review is to simplify and consolidate these funding streams down to four new windows. These are:

1. UK Aid Match. This will allow the UK public to have their say over where a chunk of the official aid budget goes, by matching private donations to charity appeals from the aid budget. We will honour our manifesto commitment to double the size of this programme.
2. UK Aid Direct. Small and medium sized CSOs will be able to competitively bid into an expanded 'pot' of central funding, to help them deliver life changing outcomes for the world's poor.
3. UK Aid Connect. Too often the global aid system operates in narrow silos. This new approach to funding will create incentives for innovation and collaboration between CSOs, think tanks and the public and private sectors to solve key challenges in development.
4. UK Aid Volunteers. This will offer targeted support to effective global volunteering programmes – including delivering our manifesto commitment to triple the size of International Citizen Service, which helps young people volunteer around the world.

Central to our entire approach to CSO funding will be the core principles of transparency, cost effectiveness and accountability.’

### **The Multilateral Development Review**

The [Multilateral Development Review](#) was published on 1 December. The document contains a summary of key messages, a foreword by the Secretary of State, and four chapters, viz.

1. The Multilateral Development Review
2. Methodology and key findings
3. DFID’s future approach to multilaterals
4. DFID’s investment in multilaterals: linking funding to performance

DFID has also published [one page summaries](#) of the results for each of 38 Agencies.

The key messages of the Review are in Box 1. Most of the system is said to be performing well, but quality varies and the system is not working well enough together.

In her Preface, the Secretary of State reiterates a commitment to the multilateral system and summarises the main messages.

Chapter 1 makes the case for working with multilaterals. They: expand the UK’s reach; are key partners on neglected issues (e.g. family planning); are independent and impartial; play a vital role wrt norms, standards and regulations; provide a global platform to accelerate action on difficult issues; provide economies of scale and specialist expertise; mobilise resources from diverse sources; and use innovative funding mechanisms.

Chapter 2 sets out the methodology. There are two key aspects, each with three headings and eight sub-headings (see Appendix). The two key aspects are: (a) match with UK priorities; and (b) organisational strengths. All 16 criteria are equally weighted. The chapter also includes the key findings for each agency (Figure 1). It insists that ‘calling out poor performance can help to catalyse change’, citing FAO as an example. There are comparisons across the multilateral system, and examples of good practice (e.g. ICRC and gender programming). There is more detailed analysis of four issues: the humanitarian system, global health, economic infrastructure and girls and women. An important conclusion is that ‘competition between agencies is still too common, causing duplication and delay. Weaknesses in collaboration among agencies that depend on each other are preventing the best collective results. To achieve its full potential, the multilateral system needs to be more nimble in co-operating to deliver common goals.’

## Box 1

### Key messages of the Multilateral Development Review

- Following the decision to leave the EU, the UK will be even more engaged internationally. The multilateral system is vital to the UK and global interests and we will continue to be a committed supporter of it.
- DFID's multilateral partnerships expand the reach of UK development and mobilise tremendous resources and expertise to tackle global challenges. Our significant relationships with leading multilaterals help ensure Britain stands tall in the world.
- The Multilateral Development Review systematically assessed the performance of 38 multilateral institutions that the UK funds through DFID.
- DFID rigorously assessed results and value for money, risk and assurance, transparency and accountability. We asked whether agencies were still relevant for meeting today's most urgent challenges.
- This Review set higher standards than the previous Multilateral Aid Review in 2011. The UK is raising the bar, requiring more from our partners by following the money, the people and the outcomes.
- Most of the international system is performing well. Our multilateral partners ensure that UK development reaches more people, saves more lives and lifts more countries out of poverty.
- Organisations including the World Bank, the Global Fund to Fight AIDS, TB and Malaria (the Global Fund) and Gavi, the Vaccine Alliance (known as Gavi), are achieving exceptional results. The UK will continue to give these agencies strong support, while pressing for even higher standards.
- By working closely with partners across the multilateral system, we have in recent years seen encouraging improvements in delivery at some agencies, including the Food and Agriculture Organisation and International Organisation for Migration.
- Many other organisations are doing a good job, but could do even better. We will work closely with them, and with other countries, to raise their performance. We will link up to 30% of our funding to UN development and humanitarian organisations to improved results.
- A small number of organisations are under-performing, and we are taking immediate action to address this.
- The Review found that the multilateral system as a whole is falling short of its considerable potential because agencies, and the wider UN family, are not working together. The UK will work with partners to ensure there is less competition and duplication between organisations, and more collaboration and coordination instead.
- Across all multilaterals, the UK will push for improved transparency, better value for money and greater accountability. As part of this Review, DFID is setting out more requirements for multilateral agencies, including new openness about management and administration budgets. By opening up the books, we will empower people around the world to hold these powerful institutions to account and introduce a clear incentive for them to deliver value for the world's poorest people.
- The UK will convene and lead a global coalition to support and reform the multilateral system. We will work closely with partners who share our vision of a multilateral system that is even faster, more effective and more efficient.
- It is because the UK is such a committed champion of the multilateral system that we will press hard for radical action to raise its performance. The world's poorest people, and our taxpayers, deserve nothing less.

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573884/Multilateral-Development-Review-Dec2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573884/Multilateral-Development-Review-Dec2016.pdf)

Figure 1: Multilateral Development Review agency scores

Multilateral agency	Match with UK development objectives	Organisational strength
African Development Bank	● Good	● Good
Asian Development Bank	● Good	● Very Good
Caribbean Development Bank	● Good	● Adequate
Central Emergency Response Fund	● Very Good	● Adequate
Climate Investment Funds	● Good	● Good
Commonwealth Secretariat	● Adequate	● Adequate
European Bank for Reconstruction and Development	● Good	● Good
European Commission development (DCI and EDF)	● Very Good	● Good
European Commission Humanitarian Aid and Civil Protection	● Very Good	● Good
Food and Agriculture Organisation	● Good	● Good
Gavi, the Vaccine Alliance	● Very Good	● Very Good
Global Environment Facility	● Good	● Good
Global Facility for Disaster Reduction and Recovery	● Adequate	● Adequate
Global Fund	● Very Good	● Very Good
Global Green Growth Institute	Not scored	Not scored
Global Partnership for Education	● Very Good	● Adequate
Green Climate Fund	Not scored	Not scored
Inter-American Development Bank	● Good	● Good
International Committee of the Red Cross	● Very Good	● Good
International Federation of Red Cross and Red Crescent Societies	● Very Good	● Adequate
International Finance Corporation	● Good	● Good
International Fund for Agricultural Development	● Good	● Good
International Organisation for Migration	● Good	● Adequate
Office of the High Commissioner for Human Rights	● Good	● Adequate
Private Infrastructure Development Group	● Good	● Good
UNAIDS	● Good	● Adequate
UNFPA	● Good	● Good
UNICEF	● Very Good	● Good
UNITAID	● Very Good	● Good
United Nations Development Programme	● Good	● Good
United Nations Educational, Scientific and Cultural Organisation	● Adequate	● Weak
United Nations High Commission for Refugees	● Good	● Adequate
United Nations Office for the Coordination of Humanitarian Affairs	● Good	● Adequate
United Nations Peacebuilding Fund	● Very Good	● Adequate
UN Women	● Good	● Adequate
World Food Programme	● Good	● Good
World Health Organisation	● Very Good	● Adequate
World Bank (IDA and IBRD)	● Very Good	● Very Good

Scoring legend

Rating and colour	● Weak	● Adequate	● Good	● Very Good
Score	0 to 2.0	2.01 to 2.5	2.51 to 3.0	3.01 to 4

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573884/Multilateral-Development-Review-Dec2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573884/Multilateral-Development-Review-Dec2016.pdf)

Chapter 3 deals with DFID's Future Approach. It says that DFID will push for five key changes across the international system. These are:

- i. Targeting resources for maximum impact.
- ii. A truly transparent, efficient system.
- iii. Working together to maximise results.
- iv. A transformed humanitarian system.
- v. Economic development in action: open and more productive economies for millions of better jobs.

DFID will drive change, the document says, by the widespread use of performance agreements, and by working through governing bodies. It will work with other countries to do this, and build coalitions around specific themes. It will expand and refocus secondments and staff exchanges.

Chapter 4 is about linking funding to performance. The report says that 'from now on, up to 30% of DFID's core funding to UN humanitarian and development agencies will be set aside and allocated according to performance. Funds will only be disbursed to agencies that meet pre-agreed performance targets. Some of these targets will be joint, to encourage collaboration or where success depends on the combined actions of different agencies, for example on nutrition.' DFID will also make more use of payment by results and will seek efficiency savings. There is more detailed discussion of how DFID will work with better and worse performing agencies. The chapter ends with a section called 'other considerations' which makes important points about core funding:

'We recognise that core funding is a particularly valuable resource for agencies because it goes to their headquarters and provides flexibility to work across different areas of their mandate. It also funds central policy and coordination and evaluation work which is critically important to achieving results, but may attract less funding from the private sector or private donors.

On the other hand, where DFID's funding is to achieve a specific purpose or for a particular country or region, we will use earmarked funding instead. This is managed like a contract for delivery in a particular country or region and on a set of pre-agreed results. During the last five years, this type of funding has accounted for around 20% of DFID spend. It is known as "bilateral through multilateral' funding.'

## **The Bilateral Development Review**

The [Bilateral Development Review](#) was published on 1 December. It consists of a Foreword from the Secretary of State, a statement of 'Our Vision', a summary of key messages, and seven chapters, viz

1. A changing world
2. Tackling global challenges in the national interest
3. Boosting prosperity
4. Investing in people
5. Tackling crises
6. Following the money, the people and the outcomes
7. Where we will work

An appendix summarises commitments from the 2015 Manifesto. There is an important [supplementary volume of technical notes](#).

The Secretary of State makes the case for aid and for an ‘open, modern and innovative approach to development’. She emphasises a number of themes: focusing on where the need is greatest; investing in people; reaching those left furthest behind; growth, trade and investment; technology; humanitarian norms; effectiveness, ‘following the money, the people and the outcomes’; linking payments to results; and Beyond Aid.

The vision statement emphasises openness, with nine principles, viz open: economies, governments, aid, politics, global institutions, trade, societies, technology, and results and outcomes.

The ‘Key Messages’ summarise 23 commitments (‘We wills’), reproduced in Box 2.

Chapter 1 describes progress made and the ways in which the world is changing. Headings are: poverty; disease; insecurity and migration; demographic trends; development finance and beyond aid; resilience, climate change and natural resources; and science and technological change.

Chapter 2 emphasises the importance of ‘tackling global challenges in the national interest’. It says that ‘our aid budget makes working people in the UK safer and more secure. We will continue to ensure that the people who pay for our aid budget benefit from it.’ It references the Global Goals, the UK Aid Strategy and the development reviews (including research and civil society). It notes the importance of a joined-up approach across Government. And it lists key external challenges to the UK: protecting the UK from disease; addressing the root causes of migration; building global security; and tackling extremism and terrorism. It has sections on ‘getting more for our money’ and on a comprehensive approach to development. A box contains a review of issues under a joined up approach: remittances; anti-corruption; asset recovery; tax and development; climate change; and debt.

Chapter 3 deals with ‘Boosting Prosperity’. It has sections on: trade; improving the investment climate and building the foundations for growth; helping create job for young people – particularly in fragile states and migration priority countries; and building open

Box 2

Key messages from the Bilateral Development Review

**We will tackle the great global challenges of our time, acting before problems grow and threaten the UK. We will:**

- strengthen global health security by leading the fight against killer diseases and supporting stronger national health systems
- create jobs and opportunities for the poorest and the long-term displaced; reducing the pressures to migrate to Europe
- make greater use of technology as we fight poverty, and use research and science to help crack the toughest challenges facing humanity.

**We will drive economic development, creating much needed jobs and opportunities. We will:**

- use our trade policy to promote development, opening markets to the world's poorest people
- boost investment in the world's poorest countries, to help create the jobs needed by growing populations
- develop energy, infrastructure, manufacturing and commercial agriculture
- support the political and institutional foundations of prosperity
- champion new approaches to development finance that directly link people around the world, making aid more personalised, nimble and tailored to the needs of individuals.

**We will invest in people, leaving no one behind. We will:**

- help deliver the Global Goals and implement in full our manifesto commitments on things like health, nutrition, education and water and sanitation
- support our Prime Minister's leadership on ending modern slavery
- drive action to improve the lives of people with disabilities
- maintain our international leadership on girls and women and expand family planning access to millions more women
- put children at the heart of our efforts and work to end child exploitation and child labour.

**We will lead efforts to make the international response to humanitarian emergencies more effective and efficient. We will:**

- stand up for universal values and humanitarian principles
- drive radical reform of the world humanitarian system
- champion a new approach to protracted crisis which gives refugees - and host communities - jobs and opportunities as well as immediate assistance
- help people, communities and nations insure themselves against natural disasters, in order to speed up humanitarian response
- build a bigger, better, faster UK humanitarian response capability to ensure a more effective response to large-scale emergencies.

**We will maximise the impact of taxpayers' money. We will:**

- push for a global transparency revolution, opening up budgets at every level so that people around the world can see how their money is being spent and hold the powerful to account
- expand payment by results
- use reason and evidence to ensure that our aid investments do the most possible good and are as cost-effective as possible. We will target our aid where it will do the most good. We will:
  - focus our aid where the need is greatest, expanding our work in the Middle East, the Sahel and Africa's 'Arc of Instability', with 50% of DFID spending going to fragile states and regions
  - reaffirm our support for the multilateral development system, and work to drive up standards by linking our funding to impact and reform.

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573889/Bilateral-Development-Review-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573889/Bilateral-Development-Review-2016.pdf)

governments, open politics and open societies. There are boxes on CDC, research, women's economic empowerment, corruption, technology, and data.

Chapter 4 is about 'Investing in People'. It touches on health and nutrition, on investing in children and young people, boosting education, ending modern slavery and child exploitation, maximising outcomes for girls and women, and reaching the most excluded and poorest (including the disabled).

Chapter 5 deals with 'Tackling crises'. It says DFID will lead international efforts to reform and improve the international response to 'the greatest challenge of our time'. There is a strong focus on long-term solutions to build resilience and provide support in protracted crises, and on 'compacts' with refugee hosting countries. There are sections on managing risk and on climate change.

Chapter 6 tackles 'Following the money, the people and the outcomes'. It says 'We will reform how the world provides aid, being more transparent, more accountable and more focussed on outcomes and results.' There are sections dealing with: transparency and open data; accountability to beneficiaries; and cost-effectiveness, including a commitment to explore greater use of payment by results. There is a short section on development impact bonds.

Chapter 7 deals with 'Where we will work'. It says that DFID will focus support 'where it is most needed by continuing to support the world's poorest countries, and increasing our focus on more fragile states and regions, including the Middle East and Sahel.' 50% of the budget will be spent in fragile states, and this means that DFID will

- significantly scale up our support for the Middle East, to meet our Syria Conference pledge of additional funding in Syria, Turkey, Lebanon and Jordan;
- increase investment in fragile countries and countries emerging from conflict;
- develop a stronger focus on the Sahel, alongside our work in northern Nigeria, Somalia and other countries along Africa's 'arc of instability'; and
- continue to shift away from countries that are better able to self-finance their development, or which are ready to transition from traditional aid to different forms of UK support based on mutual interest and engaging other parts of the UK Government.

The 'arc of instability' is described in a box. It stretches from Somalia, across the Sahel, to North East Nigeria.

The Chapter describes DFID's Allocation Mechanism, based on present need, aid effectiveness, future need, and ability to self-finance. It has a section on intensifying efforts to help countries transition from aid, including via development capital. And it describes a 'complete and comprehensive approach in each country', referring mainly to the Conflict, Stability and Security Fund, and the Prosperity Fund.

A separate document is described as a Technical Note. It describes the country planning methodology, the aid allocation model, and the methodology for listing fragile states. There are boxes describing the Country Poverty reduction Diagnostic and Inclusive Growth

Diagnostics. There is account of a new concept, 'Person Poverty Years'. And there is a list of fragile states and regions, as in Figure 2.

Figure 2

**Table A: List of fragile states and regions**

High fragility	Moderate fragility	Low fragility	Neighbouring high fragility states	Regions
Afghanistan	Bangladesh	Liberia	Jordan	Middle East
Burma	Ethiopia	Nepal	Rwanda	South of Sahara
Congo, Dem. Rep.	Kenya	Sierra Leone	Tanzania	North of Sahara
Iraq	Kyrgyz Republic	Uganda	Zambia	
Pakistan	Lebanon	Cameroon	Thailand	
Somalia	Nigeria	Belarus	Algeria	
South Sudan	Occupied Palestinian Territories (OPTs) <sup>2</sup>	Cambodia	Armenia	
Sudan	Tajikistan	Colombia	Laos	
Syrian Arab Republic	Zimbabwe	Congo, Rep.	Tunisia	
Yemen, Rep.	Angola	Côte D'Ivoire	Turkey	
Central African Republic	Azerbaijan	Djibouti		
Libya	Egypt, Arab Rep.	Honduras		
Burundi	Guinea	Madagascar		
Chad	Guinea-Bissau	Mauritania		
Eritrea	Haiti	Niger		
Iran, Islamic Rep.	Mali	Paraguay		
Korea, Dem. Rep.	Turkmenistan	Timor-Leste		
	Uzbekistan	Ukraine		
	Venezuela			

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573890/Bilateral-Development\\_Review-technical-note-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573890/Bilateral-Development_Review-technical-note-2016.pdf)

### What have we learned – and what to think?

The first thing to say is that there is a lot here, and to repeat that it would have been much more efficient to have one paper to follow up on the Aid Strategy rather than four: there are many points where joining up would have been beneficial: for example, the Bilateral and Multilateral Development Reviews are poorly linked. It is also the case that a focus on DFID rather than other Government Departments makes it difficult to see the complete picture of UK development cooperation. For example, the £1.5bn Global Challenges Research Fund, announced in the Aid Strategy, is barely mentioned in these reviews.

### Strategic consistency

That said, there is a strategic consistency running from the aid strategy to the four supplementary reviews: the framing of development cooperation as being about both self-interest and altruism; the rising profile of work in fragile states, especially those in the Middle East and Africa; an emphasis on growth and the private sector; the commitment to 0.7; retaining DFID; the reiteration of manifesto commitments; and a commitment to transparency, accountability and value-for-money. It is not insignificant that the Bilateral and Multilateral Reviews are labelled as 'Development' Reviews, not 'Aid' Reviews: the BDR contains a section on policy coherence.

## Innovations

The second point, is that there are important innovations in the reviews which repay closer attention. I focus on five of these:

- (f) 'The arc of instability' and the redefinition of 'fragile states';
- (g) Resource allocation and the concept of 'person poverty years';
- (h) The expansion of performance-based funding, especially vis-à-vis multilaterals;
- (i) The issue of development capital; and, last but not least,
- (j) The rejigging of NGO funding.

### *'The arc of instability' and the redefinition of 'fragile states'*

The previous commitment was to spend 30% of UK oda in fragile states, presumably including development as well as humanitarian, multilateral as well as bilateral. [The National Security Strategy and Strategic Defence and Security Review](#) in 2015 announced a new target, which was to spend 50% of DFID's resources in fragile states and regions. This target was repeated in the Aid Strategy and appears in the various reviews. At the same time, new funds have been created outside the control of DFID, notably the Conflict, Security and Security Fund, which, as noted, will be spending £1.3bn by 2019/20, presumably in fragile states. This is about 10% of the planned aid programme in that year. To the extent that DFID is able to access that budget line, spending through the CSSF will count towards DFID's 50% target. If it is not, the total oda spend in fragile states will include both the 50% of DFID spend and, in addition, spend from funds held by other Government Departments. The CSSF is a bit of a black box, but a back of the envelope calculation suggests that total oda funding in fragile states could range from under 40% (if all CSSF money is channelled through DFID) to just under 50% (if all CSSF money is additional). Either way, big numbers.

But what are 'fragile states and regions'? The [OECD/DAC has a list](#), used to prepare its report on States of Fragility, combing data from various sources. There are fifty countries on the list (Figure 3). In DFID's Bilateral Development Review, there are repeated references to fragile states, and also to the 'Arc of Instability' in Africa, defined as follows (in a Box on Pg 52): 'the area running east to west across the continent and taking in Northern Nigeria and the Lake Chad Basin, Mali and Niger in the Sahel, and across into Chad, Sudan and the Horn of Africa to Somalia on the Red Sea, represents an 'arc of instability', posing a threat regionally and internationally. This is also a threat to UK interests.'

Figure 3

DAC list of fragile states

List of fragile states and economies used for preparing the 2015 OECD report on States of Fragility:		
	<i>The World Bank's Harmonized List of Fragile Situations FY14</i>	<i>Fund for Peace's Fragile States Index 2014 (index above 90)</i>
1	Afghanistan	x
2	Bangladesh	X
3	Bosnia & Herzegovina	x
4	Burundi	X
5	Cameroon	X
6	Central African Republic	X
7	Chad	X
8	Comoros	x
9	Congo (D. R.)	X
10	Congo, Rep. of	x
11	Cote d'Ivoire	X
12	Egypt	X
13	Eritrea	X
14	Ethiopia	X
15	Guinea	X
16	Guinea Bissau	X
17	Haiti	X
18	Iraq	X
19	Kenya	X
20	Kiribati	x
21	Kosovo	x
22	Liberia	X
23	Libya	x
24	Madagascar	x
25	Malawi	x
26	Mali	x
27	Marshall Islands	x
28	Mauritania	X
29	Micronesia	x
30	Myanmar	X
31	Nepal	X
32	Niger	X
33	Nigeria	X
34	North Korea	X
35	Pakistan	X
36	Rwanda	X
37	Sierra Leone	x
38	Solomon Islands	x
39	Somalia	X
40	South Sudan	X
41	Sri Lanka	X
42	Sudan	X
43	Syria	X
44	Timor-Leste	X
45	Togo	x
46	Tuvalu	x
47	Uganda	x
48	West Bank & Gaza	x
49	Yemen	x
50	Zimbabwe	x

Sources: *2014 World Bank / AfDB, ADB Harmonised List*, and *2014 Fragile States Index* by the Fund for Peace

Source: <https://www.oecd.org/dac/governance-peace/conflictfragilityandresilience/docs/List%20of%20fragile%20states.pdf>

A fuller approach is provided in a Technical Note which accompanies the BDR. Here (Figure 4), DFID hint at a methodology and provide a list of 63 countries and 4 regions which qualify as fragile states. There is overlap with the DAC list, but also quite a bit of difference. I make it (Figure 5) that only 35 countries appear on both lists. DFID have 25 countries that do not appear on the DAC list, and DAC have 10 that do not appear on the DFID list. Some of these are quite significant. For example, DFID do not have Malawi or Sri Lanka on their list, but do have Colombia, Iran, Tanzania and Thailand.

Figure 4

DFID methodology on fragile states

The Bilateral Development Review assessed the shape of our geographical footprint, looking at where DFID currently operates, what role we should play and how. As set out in the Strategic Defence and Security Review and the UK Aid Strategy, DFID is committed to spending at least 50% of our budget in fragile states and regions in every year of this Parliament.

**Building the evidence base - approach to defining fragile states and regions**

We have identified fragile states and regions that: suffer external and social stresses that are particularly likely to result in violence; lack the capacity to manage conflict without violence; and neighbouring states that are especially susceptible to instability.

Our assessment of fragile states is based on open-source data from a range of sources, including the World Bank, United Nations and the World Peace Index. Our full list of fragile states and regions (below), which we will update regularly to reflect changes in the data, includes:

- countries on DFID's fragile states list
- Overseas Development Assistance eligible countries neighbouring high fragility states (excluding China and India)
- 3 specifically designated fragile regions, which contain many of the fragile states on DFID's list

**Table A: List of fragile states and regions**

High fragility	Moderate fragility	Low fragility	Neighbouring high fragility states	Regions
Afghanistan	Bangladesh	Liberia	Jordan	Middle East
Burma	Ethiopia	Nepal	Rwanda	South of Sahara
Congo, Dem. Rep.	Kenya	Sierra Leone	Tanzania	North of Sahara
Iraq	Kyrgyz Republic	Uganda	Zambia	
Pakistan	Lebanon	Cameroon	Thailand	
Somalia	Nigeria	Belarus	Algeria	
South Sudan	Occupied Palestinian Territories (OPTs) <sup>1</sup>	Cambodia	Armenia	
Sudan	Tajikistan	Colombia	Laos	
Syrian Arab Republic	Zimbabwe	Congo, Rep.	Tunisia	
Yemen, Rep.	Angola	Côte D'Ivoire	Turkey	
Central African Republic	Azerbaijan	Djibouti		
Myanmar	Egypt, Arab Rep.	Honduras		
Burundi	Guinea	Madagascar		
Chad	Guinea-Bissau	Mauritania		
Eritrea	Haiti	Niger		
Iran, Islamic Rep.	Mali	Paraguay		
Korea, Dem. Rep.	Turkmenistan	Timor-Leste		
	Uzbekistan	Ukraine		
	Venezuela			

<sup>1</sup> The OPTs are a non-member observer state at the UN.

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573890/Bilateral-Development\\_Review-technical-note-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573890/Bilateral-Development_Review-technical-note-2016.pdf)

I guess there is nothing to say that DFID should not have their own method for identifying fragile states, but it would be good to know more about the methodology. The International Development Select Committee asked for more information, back in March, in its [interim report on the allocation of aid resources](#). There are also questions about: whether the DFID list of fragile states will also inform decisions of other Departments; how the list of DFID fragile states will apply in multilateral organisations; and whether harmonisation will take place in international reporting.

Figure 5

Comparison of fragile state lists

DAC	DFID	Both	DFID not DAC	DAC not DFID
Afghanistan	Afghanistan	Afghanistan	Algeria	Comoros
Bangladesh	Algeria	Bangladesh	Angola	Kiribati
Bosnia/Herzegovina	Angola	Burundi	Armenia	Kosovo
Burundi	Armenia	Cameroon	Azerbaijan	Malawi
Cameroon	Azerbaijan	CAR	Belarus	Marshall Islands
CAR	Bangladesh	Chad	Cambodia	Micronesia
Chad	Belarus	Congo DR	Colombia	Solomon Islands
Comoros	Burma	Congo DR	Djibouti	Sri Lanka
Congo DR	Burundi	Egypt	Honduras	Togo
Congo Rep	Cambodia	Eritrea	Iran	Tuvalu
Cote d'Ivoire	Cameroon	Ethiopia	Jordan	
Egypt	CAR	Guinea	Kyrgyz	
		Guinea-		
Eritrea	Chad	Bissau	Laos	
Ethiopia	Colombia	Haiti	Lebanon	
Guinea	Congo DR	Iraq	Paraguay	
Guinea Bissau	Congo DR	Kenya	Tajikistan	
Haiti	Cote d'Ivoire	Liberia	Tanzania	
Iraq	Djibouti	Libya	Thailand	
Kenya	Egypt	Madagascar	Tunisia	
Kiribati	Eritrea	Mali	Turkey	
Kosovo	Ethiopia	Mauritania	Turkmenistan	
Liberia	Guinea	Myanmar	Ukraine	
	Guinea-			
Libya	Bissau	N Korea	Uzbekistan	
Madagascar	Haiti	Nepal	Venezuela	
Malawi	Honduras	Niger	Zambia	
Mali	Iran	Nigeria		
Marshall Islands	Iraq	OPT		
Mauritania	Jordan	Pakistan		
Micronesia	Kenya	Rwanda		
	Korea Dem			
Myanmar	Rep	S Sudan		
Nepal	Kyrgyz	Sierra Leone		
Niger	Laos	Somalia		
Nigeria	Lebanon	Syria		
N Korea	Liberia	Yemen		
Pakistan	Libya	Zimbabwe		
Rwanda	Madagascar			
Sierra Leone	Mali			
Solomon Islands	Mauritania			
Somalia	Nepal			
South Sudan	Niger			
Sri Lanka	Nigeria			
Sudan	OPT			
Syria	Pakistan			
Timor Leste	Paraguay			
Togo	Rwanda			
Tuvalu	S Sudan			
Uganda	Sierra Leone			
West Bank/Gaza	Somalia			
Yemen	Syria			
Zimbabwe	Tajikistan			
	Tanzania			
	Thailand			
	Timor-Leste			
	Tunisia			
	Turkey			
	Turkmenistan			
	Uganda			
	Ukraine			
	Uzbekistan			
	Venezuela			
	Yemen			
	Zamia			
	Zimbabwe			

### *Resource allocation and the concept of 'person poverty years'*

Resource allocation is definitely a black box in all the reviews. DFID are silent throughout on how much will be allocated to different priorities, as between bilateral and multilateral channels, or between different instruments (for example, within the research programme, or the various instruments available to NGOs). One reason for this may have been uncertainty about the likely future budget, esp given any possible impact of Brexit on GNI. However, the [autumn statement](#) confirmed that 0.7 of GNI would continue to be spent on ODA, and gave updated figures, reflecting a slightly smaller growth forecast. BOND reported that 'the ODA budget will be reduced by £80 million in 2017-18 and £210 million in 2018-19, to reflect the latest economic forecasts.' There must presumably be work in DFID on the implications for different funding modalities.

Meanwhile, the Technical Note to the Bilateral Development Review contains news of another innovation, a new aid allocation model, based on the concept of a 'Person Poverty Year' (Figure 6). This is based on the idea that aid should reflect future as well as present need, the effectiveness of aid, and the ability to self-finance. There is a background paper by Lea and Dercon, available [here](#), and [Paddy Carter](#) of ODI has [commented](#) on the concept. He emphasises that the results diverge widely from those used by other models. For example, 'the way in which Lea and Dercon introduce the ability to self-finance into their allocation model has stark consequences: many countries, such as Ghana and India, are already beyond that threshold and receive zero aid, other currently poor countries who are expected to reduce poverty rapidly over coming years, such as Ethiopia, receive relatively low allocations.'

Probably we should all dive into the algebra and try to understand the debate about this model. Before we do, however, it would be useful to understand what use DFID intend to make of it. In particular, the following sentence in the description of the new model needs more analysis: 'We take into account a range of factors in our bilateral approach to allocations including specific risks, national security priorities, our comparative advantage, the degree to which countries receive aid in comparison to their needs and our ability to deliver the Government's commitments.' This might suggest that the new model is only one element in allocation decisions.

Figure 6

## DFID Aid Allocation Model

In order to inform our approach to overall, multilateral and bilateral aid allocation, DFID has developed an aid allocation model. This model provides an allocation of aid for the reduction of poverty and does not address humanitarian aid or aid to transition countries (when countries can finance their own development the nature of the relationship with the UK will change). We will use the model as a benchmark to evaluate global aid allocation, including how multilaterals allocate their resources and the graduation policy that these allocations imply. We also use the model as a benchmark for the allocation of bilateral country programme resources focused on extreme poverty and poor human development outcomes. We take into account a range of factors in our bilateral approach to allocations including specific risks, national security priorities, our comparative advantage, the degree to which countries receive aid in comparison to their needs and our ability to deliver the Government's commitments.

**Building the evidence base - benchmarking aid allocation**

DFID's aid allocation model is based on the principle that aid should be allocated in relation to:

- present need as expressed by extreme poverty corrected for large deviations in child mortality and the multi-dimensional poverty index
- aid effectiveness - the degree to which aid can translate into poverty reduction in a particular context
- future need - since aid can largely be expected to have a permanent effect, we should take into account this effect on future poverty
- ability to self-finance - aid should not be given to the same extent in countries that could self-finance their poverty needs

We have introduced a new concept, Person Poverty Years - the number of people in poverty in a country multiplied by the number of years they are expected to remain poor. These principles combine into an overall objective that aid should be used to maximise the reduction in person poverty years until a country is able to self-finance poverty reduction.

A country is deemed able to self-finance when the aggregate poverty gap - that is the amount required to bring all incomes up to the extreme poverty line - falls below one percent of Gross Domestic Product. While this is a simplification of unknown financing potential, it represents an appropriate challenge to a government, and provides an implicit graduation criterion for the model. Rather than countries graduating from aid at a particular income or poverty level, this approach brings a trade-off between the two, with better-off countries graduating at higher poverty thresholds than less well-off countries.

6 | Bilateral Development Review: technical report

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573890/Bilateral-Development\\_Review-technical-note-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573890/Bilateral-Development_Review-technical-note-2016.pdf)

### *The expansion of performance-based funding, especially vis-à-vis multilaterals and NGOs*

As noted, the new reviews lay great emphasis on performance-based funding, at the project and country level (for example, via payment-by-results), in funding NGOs, and also in funding multilaterals, where 30% of funding will be dependent on the achievement of pre-agreed results.

There is a general issue about this, to do with the results agenda as a whole, and especially the reductionism potentially associated with a target-driven approach. This has been a recurrent theme of discussion about aid and aid evaluation, touching on issues of attribution, unintended consequences, complexity, and other themes. I have written about the topic repeatedly (I nearly said endlessly): for a few examples, see [here](#) and [here](#) and [here](#) and [here](#)

and [here](#). The Select Committee also expressed some reservations, especially about payment by results, in its [interim report on the allocation of aid resources](#).

ICAI's Report on [DFID's approach to measuring impact](#) is well worth reading on this topic. Among its key conclusions are the following:

'We found that the results agenda has helped to bring greater discipline in the measurement of results and greater accountability for the delivery of UK aid. These achievements have, however, involved some important trade-offs. Some of DFID's tools and processes for measuring results have had the unintended effect of focussing attention on quantity of results over their quality.

DFID's programmes have an average programme length of just three years. Transformational impact will, however, often be possible only over several programme cycles and this should be recognised explicitly in programme design. This is particularly the case in conflict-affected and fragile states.'

A more specific issue is about management of the relationship with multilaterals and NGOs. In both cases, there is a focus on tying funding more closely to results. This can be very difficult for both, especially when trying to balance the needs of different stakeholders, including a multiplicity of other funders. Robert Chambers, for one, has been outspoken about the problems. This piece, ['Perverse Payment by Results: frogs in a pot and straitjackets for obstacle courses'](#), is worth reading in full. Inter alia, Robert says that

'The drift of the past two decades away from participation and towards top-down controls and upwards accountability has been continuous and gradual, a heating of the water in the pot. The logframe, results-based management, upwards accountability, delivering value for money, business cases... these are motherhood and apple pie words with their mantras and procedures. They have to be good. More of them has to be better. But what has been happening to the frogs in the pot as these procedures intensify and heat it up?'

The answer, Robert says is that

'the recipients or would-be recipients are facing obstacle courses of complexity, emergence and unpredictability. This applies markedly with NGOs and with research – NGOs work in highly risk-prone environments . . . (but) Goals and targets have become more rigid, measurement has taken over from judgement, linear Newtonian thinking and action denies and obliterates non-linear realities, motivation has to be 'incentivised' by carrots and now with PbR the sticks have no carrots at all, relationships have become distant, trust, discretion and flexibility have gone out of the window and reporting becomes more of a misleading nightmare.'

We have to hope that DFID leadership, from the Secretary of State downwards, recognises fully the need for a measured approach to target-setting. A key role, it seems to me, is to help educate the public about the type of engagement necessary to produce transformational change – and to be robust with the media about the issue.

### *The issue of development capital*

This is another much-debated topic just now, partly because of the debate about additional resources for the CDC. The comments of the Select Committee are well worth reading on that subject (see [here](#)); as is the parliamentary debate on the topic (see [here](#)). In the Bilateral Development Review, the purpose of development capital is described as follows (Pg 57):

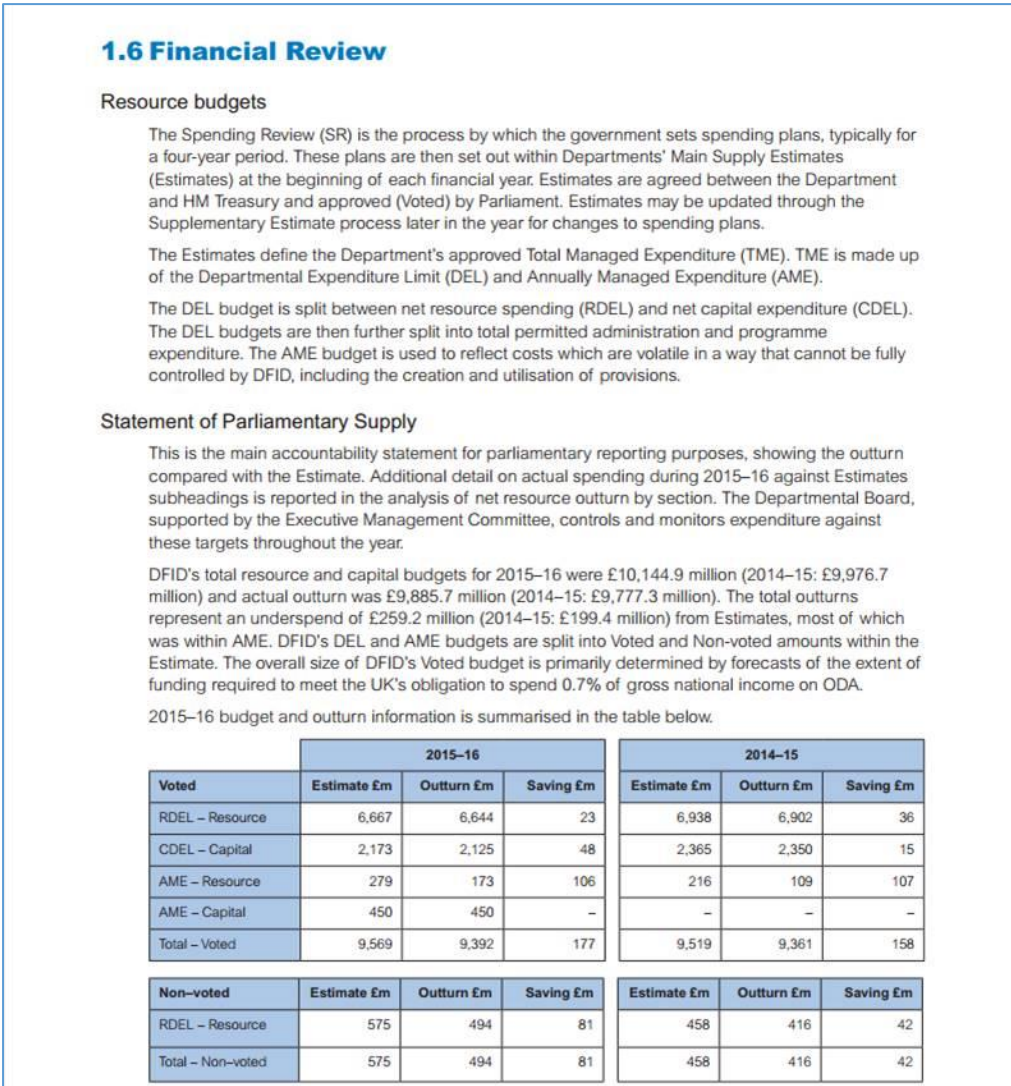
‘Development Capital is public investment made in the private sector to achieve development objectives. It is a way for DFID to spur investment into the right places, seeking to invest in businesses to create jobs, mobilise further domestic and international investment, build markets and drive growth that leads to poverty reduction in challenging settings. Development Capital, as opposed to grant finance, allows us to invest in promising businesses in emerging and frontier economies and redeploy returns generated into other programmes, making our investment better value for money. DFID invests in this way through our investment partners, including CDC, the UK’s development finance institution, and the International Finance Corporation, part of the World Bank Group. Development Capital also helps to mobilise domestic and international private investment, ultimately freeing up traditional grant aid to work in those countries where it is most needed.’

I am not well-informed about a public target for development capital expenditure by DFID, although [DFID informed the Select Committee](#) that the Treasury had ‘set an ambitious and challenging financial transactions target of £5bn over SR15’ . However, there is further elucidation of what is called CDEL in the Departmental Report ([here](#)). The role of CDEL in relation to overall expenditure is explained on Pg 40 (Figure 7 below). Expenditure in 2015-16 was approx. £2bn, or about 23% of DFID’s voted expenditure. Capital expenditure has the additional virtue of not counting against public sector borrowing, so the presumption is that the Treasury would like to see more of it. The overall value of assets is on Pg 42 of the Departmental Report, and is currently £7.5 bn. A more detailed analysis is in Note 7 to the accounts, Pgs 103 ff. This is not pasted in, but about half the value of capital (£3.5bn) is the value of DFID investments in the IFIs (which the UK would get back if the IFIs closed down) and half (£3.9bn) is the value of CDC investments.

There is a general agreement among observers of British aid that greater clarity on objectives and spending of development capital would be valuable. An important issue is the allocation of capital as between bilateral and multilateral instruments. For example, has the case been made for investment in CDC rather than, say, the IFC or one of the funds operated by regional development banks?

None of this is to say, however, that such investment cannot contribute to development outcomes. [Dirk Willem te Velde](#) and [Paul Collier](#) have both made the case for capital spending in the Financial Times.

Figure 7



Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/538878/annual-report-accounts-201516a.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/538878/annual-report-accounts-201516a.pdf)

*The rejigging of NGO funding*

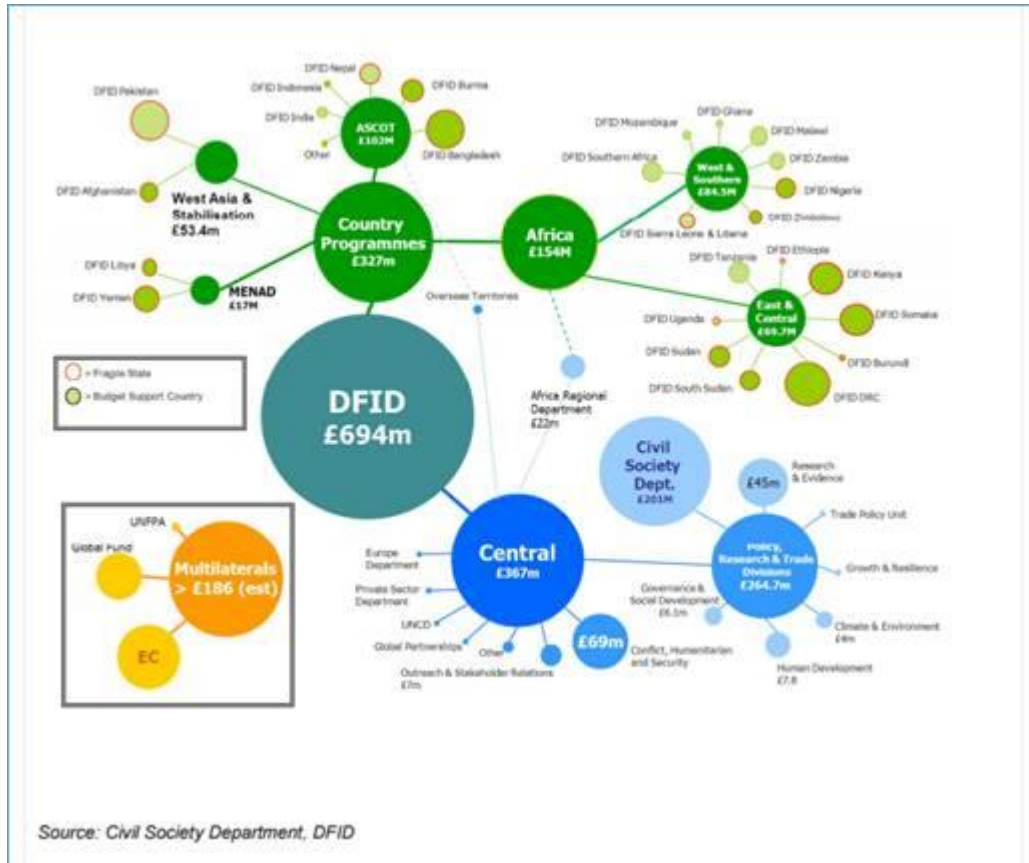
Finally, on NGO funding, the big innovation is the abolition of Programme Partnership Agreements, which provided quasi-core funding for (mainly large) NGOs, and the introduction of a new funding instrument, designed to encourage collaboration between large and small NGOs and other partners, UK Aid Connect.

It is important to note that the Civil Society review dealt only with central funding. In fact, it is hard to find data on overall current funding of NGOs. There is no proper summary in the Departmental Report or in British Aid Statistics (see [here](#)) The best summary was in an

Appendix to the ICAI Report on PPAs (see [here](#) and Figure 8). The Figure shows total funding of £694m bilaterally, for an unknown year, but presumably either 2011-12 or 2012-13. Only a third is through Civil Society Dept. In addition to the £694m, a further £186 is spent on NGOs through multilaterals. Should there not be a full annual report on all of this?

Figure 8

DFID NGO Funding



Source: <http://icai.independent.gov.uk/wp-content/uploads/ICAI-REPORT-DFIDs-Support-for-CSOs-through-PPAs.pdf>

The latest Departmental Report says (Pg 38) that 25% of the bilateral budget, a total of £1.4 bn, is spent through civil society organisations: see [here](#). So, funding appears to have doubled. We also learn from the new strategy (Pg 13) that half of all the money spent is through country offices, and not part of the old or new central mechanisms: thus country offices still play a big part.

Growth is confirmed by the NGOs themselves. BOND published an analysis of funding of UK NGOs earlier this year (see [here](#)). It said that UK INGOs receive £1.3 bn a year from all official sources (including multilaterals) a rise of 165% over eight years, and accounting for 25% of total income in 2013-14. Importantly, most of the growth was in contract funding, and mostly for larger scale NGOs. Note this number is not quite consistent with the DFID numbers – partly a question of who is in the BOND universe for this study.

As noted, the main innovation is the long-signalled end of PPAs and the innovation of UK Aid Connect.

As far as PPAs are concerned, there is a description and list on the DFID website, [here](#). ICAI reviewed PPAs in 2013 and gave the programme a green-amber (see [here](#)). NB PPAs accounted at that time for just over half of funding through CSD – about £120m a year. The end of PPAs is a pity. As ICAI confirmed, they provided valuable untied and flexible money to NGOs, which enabled them to build capacity and innovate. They were competitive. Their abolition might be an example of DFID moving to a narrow, customer relationship with key suppliers.

UK Aid Connect is, however, an interesting proposition, because it encourages new, topic-specific alliances and partnerships, including with think-tanks. Presumably, NGOs overseas will be able to participate. It is a pity that no indication is given as to size, and whether this will be big enough to make a major difference. It will also be important to make sure transactions costs are kept reasonable, and preferably covered.

### **Next steps**

The third point is about next steps. One or two have already been mentioned. There are a few points worth emphasising:

- (a) Drawing lines backwards
- (b) Building a new DFID results framework
- (c) More detail on numbers;
- (d) Clarity about the choice between bilateral and multilateral channels;
- (e) The meaning of partnership;
- (f) DFID as a global leader; and
- (g) Complete and unified reporting and accountability.

### *Drawing lines backwards*

It is sometimes a struggle in reading these reports to balance a sense of strategic continuity with the urgency of what is new. DFID could have helped readers by drawing lines backwards and explaining more clearly what is new.

An example is the Research Review. As noted earlier, there are five key themes, viz: fragile and conflict affected states and regions; health; climate, energy and water; sustainable agriculture; and economic development. The last DFID Research Strategy, I think, was 2008-13 (see [here](#)). It also had a strong focus on results, and identified six priority areas, viz

- a. Growth
- b. Sustainable agriculture
- c. Climate change
- d. Health
- e. Governance in challenging environments
- f. Future challenges and opportunities

Is it unfair to say that the new priorities are pretty well the same as the old ones? Perhaps the main change will be the balance of spending as between priorities? Unfortunately (see below) we are not told.

Of course, there are other areas with more change. The list of fragile states suggests a major evolution from the current list of 28 priority countries for DFID. Similarly, if the proposed aid allocation model is actually used, there could be significant changes in spending in old and new priority countries. And if performance-based resource allocations are rolled out, there could be big changes in how aid relationships are managed.

I wanted to do a table, headed 'Old and New' DFID, but the information on the new is not yet available to make that possible. Perhaps when some of the gaps have been filled . . .

#### *Building a new DFID results framework*

There may be strategic consistency in DFID's approach, but the reviews do introduce adjustments. It is interesting to ask, therefore, whether DFID will adjust its own results framework to take account of the changes.

In previous times, DFID has had an elaborate results framework, against which it has reported in the Annual Departmental Report. The original results targets were set out in a document signed by David Cameron and Nick Clegg in 2011, called '[UK Aid: Changing Lives, Delivering Results](#)'. This had very precise targets, like 'provide 50 million people with the means to help work their way out of poverty', 'save the lives of 50,000 women in pregnancy and childbirth' and 'stop 250,000 newborn babies dying needlessly'. These then became indicators against which DFID could measure its performance, as for example in Chapter 4, 'Focusing on Results', in the [2014-15 Departmental Report](#). It is perhaps reassuring to know that DFID had exceeded its target or was on track to meet it in pretty well all cases.

There was a debate about the value of such precise targets (see below), and also about whether Beyond Aid issues were sufficiently reflected in the results framework: the International Development Select Committee picked up the latter point in its 2015 Report, [Beyond Aid](#) (see esp para 87).

In any case, the approach seems to have shifted somewhat with the publication of the new aid strategy, but also with the introduction of a new Government instrument, the Single Departmental Plan (not uncontroversial – see [here](#)). DFID's SDP was first [published](#) in February 2016 and updated in September 2016. It sets out the vision and objectives for the period 2015-2020, and the cover page says 'you can use the plan to track the department's progress towards achieving its priority objectives'.

The SDP contains a long list of 'We wills', reproduced in Figure 9. It is interesting to compare these with the commitments made in the Bilateral Development Review, reproduced in Box 2 above, and with the separate list of manifesto commitments, repeatedly referenced in the BDR, and actually reproduced as an Annex. It is copied in here as Figure 10. None of these has many quantitative targets, but there are many differences between them.

It is also important to ask about Government objectives and commitments in non-DFID areas of development. I [reviewed the Conservative Party's 2015 manifesto at the time](#), and found

many, many ‘development’ commitments not listed on the development pages, for example on tax, immigration and arms control.

Figure 9  
‘We wills’ from the Single Departmental Plan 2015-20

#### **Strengthening global peace, security and governance**

We will:

- ensure the OECD aid rules fully reflect the importance of peace, stability and effective institutions for reducing global poverty
- help men, women and children who have fled violence in Syria
- continue to work with partners across government for peace, stability and an inclusive settlement in Syria
- spend at least 50% of the DFID budget on fragile states and regions in every year of the current Parliament, including increasing funding to deal with causes and impacts of the Syrian crisis
- strengthen the Commonwealth’s focus on promoting democratic values and development
- continue to promote the golden thread of democracy, the rule of law, property rights, and open, accountable institutions
- boost partnerships between UK institutions and their counterparts in the developing world
- ensure developing countries have full access to global automatic tax information exchange systems and continue to build the capacity of tax authorities in developing countries.
- DFID will double spend on improving tax systems in developing countries by 2020
- lead the world in tackling sexual violence in conflict

#### **Strengthening resilience and response to crisis**

We will:

- continue to lead the response to humanitarian emergencies, and establish a means to respond rapidly to crises
- work to prevent climate change and assist the poorest in adapting to it. The Government has committed to increase climate funding by 50% to at least £5.8 billion over the next five years. Of this, DFID will spend at least £3.6bn.

#### **Promoting global prosperity**

We will:

- boost growth and jobs, making it easier for people to start up businesses and trade freely with each other
- help people in the UK give or lend money directly to individuals and entrepreneurs around the world
- increase catalytic investments (“Development Capital Investment”) to support the creation of productive jobs, both directly and through demonstration effects
- strengthen incentives for CDC (the UK’s Development Finance Institution) to invest in sectors and geographies which maximise development impact. This will include increasing investment in fragile states
- work to increase the global economic empowerment of women and girls

#### **Tackling extreme poverty and helping the world’s most vulnerable**

We will:

- save 1.4 million children’s lives, by immunising 76 million children against killer diseases by 2020
- help at least 11 million children in the poorest countries gain a decent education
- improve nutrition for at least 50 million children under 5, women of childbearing age and adolescent girls by 2020
- promote girls’ education, encourage equal access to property rights and work to achieve access to family planning for everyone who wants it. We are committed to helping an additional 24 million girls and women (between 2012 and 2020) to access family planning
- help at least 60 million people get access to clean water and sanitation, to stop terrible diseases
- lead a major new global programme to accelerate the development of vaccines and drugs to eliminate the world’s deadliest infectious diseases
- invest to save lives from malaria
- work to end preventable child and maternal deaths
- continue to lead efforts to tackle violence against women and girls, end FGM and combat early and forced marriage

Source: <https://www.gov.uk/government/publications/dfid-single-departmental-plan-2015-to-2020/single-departmental-plan-2015-to-2020>

I am a little confused, but also curious and full of questions. Which of these DFID commitments has priority? Can they be integrated? Do the commitments also govern the other reviews, notably the Multilateral Development Review? Is a more limited approach to quantification a deliberate decision? If so, is it consistent with DFID's emphasis on results with respect to its partners? Are Beyond Aid issues sufficiently represented, with clear lines of attribution? And do these objectives apply across Government or only to DFID? If the latter, are similar objectives available for other elements of oda spending?

Figure 10

### 2015 Manifesto commitments

- Uphold our commitment to spend 0.7% of gross national income on international development
- Keep aid untied
- Maintain an independent Department for International Development
- Ensure that OECD aid rules fully reflect the importance of peace, stability and effective institutions for reducing poverty
- Insist that every government and organisation we fund meets global transparency standards
- Save 1.4 million children's lives by 2020, by immunising 76 million children against killer disease
- Help at least 11 million children in the poorest countries gain a decent education
- Improve nutrition for at least 50 million people who would otherwise go hungry
- Help at least 60 million people get access to clean water and sanitation, to stop terrible diseases
- Continue to lead the response to humanitarian emergencies, and establish a means to respond rapidly to crises
- Lead a major new global programme to accelerate the development of vaccines and drugs to eliminate the world's deadliest infectious diseases, while investing to save lives from malaria and working to end preventable child and maternal deaths
- Expand payment by results
- Ensure all money to governments is clearly earmarked for specific purposes
- Push for new global goals to eradicate extreme poverty by 2030 and promote human development, gender equality and good governance
- Work to prevent climate change and assist the poorest in adapting to it
- Boost growth and jobs, making it easier for people to start-up businesses and trade freely with each other
- Continue to promote the golden thread of democracy, the rule of law, property rights, a free media and open, accountable institutions
- Promote girls' education, encourage equal access to property rights and work to achieve access to family planning for everyone who wants it
- Continue to lead efforts to tackle violence against women and girls, end female genital mutilation and combat early and forced marriage, both at home and abroad
- Triple in size the International Citizen Service
- Double our Aid Match scheme
- Boost partnerships between UK institutions and their counterparts in the developing world
- Help people in the UK give or lend money directly to individuals and entrepreneurs around the world
- Help women and children who have fled violence in Syria
- Ensure developing countries have full access to global automatic tax information exchange systems and continue to build the capacity of tax authorities in developing countries
- Strengthen the Commonwealth's focus on promoting democratic values and development
- Lead the world in tackling sexual violence in conflict
- Invest to save lives from malaria
- Work to end preventable child and maternal deaths
- Insist that every government and organisation we fund meets global transparency standards

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573889/Bilateral-Development-Review-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573889/Bilateral-Development-Review-2016.pdf)

### *More detail on numbers*

More detail on numbers is definitely one of the next steps. This comes up in the research review, in relation to NGO funding, on fragile state funding, on capital development targets, and in relation to the bilateral-multilateral split. It is also relevant to humanitarian funding. For example, the latest [British Aid Statistics](#) shows that humanitarian aid now accounts for as much as 16% of all bilateral aid. Is that a surprise? Is it expected to continue?

There is also an issue about planning and reporting on the whole of UK development cooperation. The DFID Departmental Report deals mainly with DFID spending, as might be expected. The appendices, show, however, that in 2014: the then Business Department (BIS) was the majority spending department in Burkina Faso, Gambia, Lesotho, PNG and Sao Tome; DEFRA in Cape Verde and Comoros; CDC in 10 countries and one region, including Cameroon and Thailand; and the Conflict Pool in five countries, including Libya and Mali.

Similarly, the [Single Departmental Plan](#) is restricted to DFID, again not surprisingly. The cover page says ‘as set out in DFID’s settlement letter £1.2bn was transferred, **along with all accountabilities**, to other departments and funds such as FCO, BIS and the Conflict, Stability and Security Fund.’ (emphasis added)

It is interesting to ask whether the reviews could have dealt in more detail with these expenditures. It would also be very helpful to have a single report on oda – for example, on oda-funded research, including the Global Challenges Research Fund.

### *Clarity about the choice between bilateral and multilateral channels*

The Bilateral and Multilateral Development Reviews stand pretty well as independent documents. Indeed, the BDR reads almost like a White Paper on its own account.

The BDR uses the word ‘multilateral’ 22 times, mostly in the context of working with multilaterals. It does, however, say (Pg 55) that ‘when it is more efficient or effective to do so, we also deliver support through multilateral partners . . . ‘.

That then points to the multilateral review, which scores agencies on the criteria in Appendix 1, including, as one of 16 equally-weighted criteria, ‘comparative advantage: whether an agency has an advantage over UK bilateral aid’. This, of course, is general, rather than e.g. location-specific. In any case, it is impossible to interpret, without more information on the breakdown of scores between the various criteria. The Review does, however, say, (Pg 11) that

‘DFID has focused its bilateral programmes on a limited set of countries where it is best placed to make a difference. Through organisations like the World Bank, the UN and global health and education funds, DFID mobilises extra resources for these countries and support for other vulnerable communities, such as the Sahel and Small Island Developing States where DFID does not have large programmes or teams on the ground. Through the UN’s Central Emergency Response Fund (CERF), the UK provides humanitarian support across the globe, including for less high profile crises that lack support from bilateral donors.’

This is really important in terms of the requirement to spend 50% of DFID resources in fragile states, and the greatly expanded list of such states discussed earlier. Will DFID plan to open bilateral programmes in all those new countries? Or will it rely on multilaterals? That seems to be an unanswered question.

Brexit is a factor here, of course. It is notable that the EDF, ECHO and the EU budget instruments all score reasonably well in the Multilateral Review – and have been a vehicle for UK assistance to some of the countries on the new fragile state list, including those in the Sahel and in North Africa. Is the UK planning to replace its EU contribution with bilateral funding? Or perhaps work more through the UN?

When the bilateral and multilateral aid programmes were last reviewed, back in 2011, many of us commented that the two reviews, and the humanitarian review, needed to be linked more effectively (see [here](#) and [here](#)). Similar points were made when the MAR was updated: see [here](#). I thought we had been promised that would happen this time. Perhaps next time.

### *The meaning of partnership*

The issue of partnership arises in connection with the multilaterals, and also with the NGOs. The Bilateral Development review has 17 references to partnership, mostly relating to joint projects or programmes. The Multilateral Review has 13 references, also mostly referring to projects, but with a couple referring to the need for multilaterals to work well with others. The Civil Society Partnership Review is a little more promising, with a reference in the title, as well as several other important points. Thus, Priti Patel says in her Introduction, referring to new, competitive funding models, that

‘this in no way devalues the importance we place on working in strategic partnership with CSOs that share the Government’s objectives. But it does reflect a new emphasis on widening the range of partners we work with – including civil society in developing countries – and introducing a clearer focus on results.’

The Review also says that ‘partnerships and collaborations can allow broader reach, generate more ideas and deliver swifter responses. Innovative partnerships that bring public, private and CSO sectors together will be increasingly important for the future.’

There is a literature on partnership. [Roger Riddell and I wrote about this](#) when Clare Short’s [White Paper](#) came out in 1997. The abstract reads:

‘The recent UK White Paper makes an admirable commitment to the idea of ‘partnership’, as the keystone of a new aid relationship with countries committed to poverty reduction and good governance. The concept is a difficult one, however, open to multiple interpretation. Genuine participation means joint ownership, with mutual rights and obligations; and it implies a contractual relationship, with procedures for redress in case of default. Other donors, notably the EU, have travelled this road with mixed success and much back-sliding. Can DFID learn from their experience? Can it devise its own institutional innovations to build true partnership?’

Tim Conway and I again [reviewed the literature in 2000 and examined alternative models](#), on behalf of the World Bank. We concluded that there were three lessons:

‘First, that, even within contemporary discourse, there are shades of difference that may imply different approaches to partnership: the Bank will have choices to make, analogous to those set out in the participation ladder . . . Is the intention to have the partnership equivalent of “interactive participation” or something less ambitious? Will different countries be accorded partnerships of different quality? And if so, on what basis?’

The second lesson is that the development of partnership is an organic process, which grows as trust develops. The key idea here is that active steps need to be taken to build trust and to help partnership develop—what CARE describes as “weaving a fabric of sustainability”.

A third lesson is that mutual accountability appears to lie at the heart of successful partnership relations and that accountability is often backed up by formal procedures and even a legal framework. This is a big jump for donors to make, as experience with the Lomé Convention has demonstrated. Accountability requires monitoring, but in contractual form it also requires mechanisms to deal with breaches of contract, and a form of redress open to both parties if the contract is broken.”

I wonder where DFID stands on these issues?

I notice that BOND, in their [response to the CSSP](#), have emphasised the importance of an effective partnership between DFID and CSOs that will work to the benefit of both. They say (Pg 2) that

‘the document also raises many questions about the nature of the partnership that DFID seeks with CSOs, and in practice is weak on some key aspects of partnership which are important to CSOs and are integral to what we offer.’

And (Pg 5)

‘While we welcome both the commitment to increasing the diversity of organisations and to strengthening of southern civil society through direct funding, we note that the word ‘partnership’ is used to describe a purely funding-based arrangement.’

As an alternative, there could have been (Pg 3)

‘A recognition of the important role that partnership between DFID and CSOs has played in shaping key global policy agendas - such as the Sustainable Development Goals - is also remarkably absent from the Review document. It would have been good to have identified future opportunities for working together in this way.’

The BOND response concludes (Pg 8)

‘CSO inputs to the CSPR envisaged a more equal partnership of complementary strengths in the design and delivery of solutions to development challenges than is indicated in the review outcome. We propose that DFID and CSOs work together on developing a partnership charter to make this a reality.’

These do look like important conclusions, certainly with respect to NGOs, but also for multilaterals: another gap to fill?

One other important partnership is the OECD [Global Partnership for Effective Development Cooperation](#). This is mainly focused on aid, albeit with a growing remit to cover all development finance and also other aspects of development cooperation. It works to the four principles summarised in Figure 11, including the notion of ‘inclusive partnerships’ and ‘accountability to each other’.

### *DFID as a global leader*

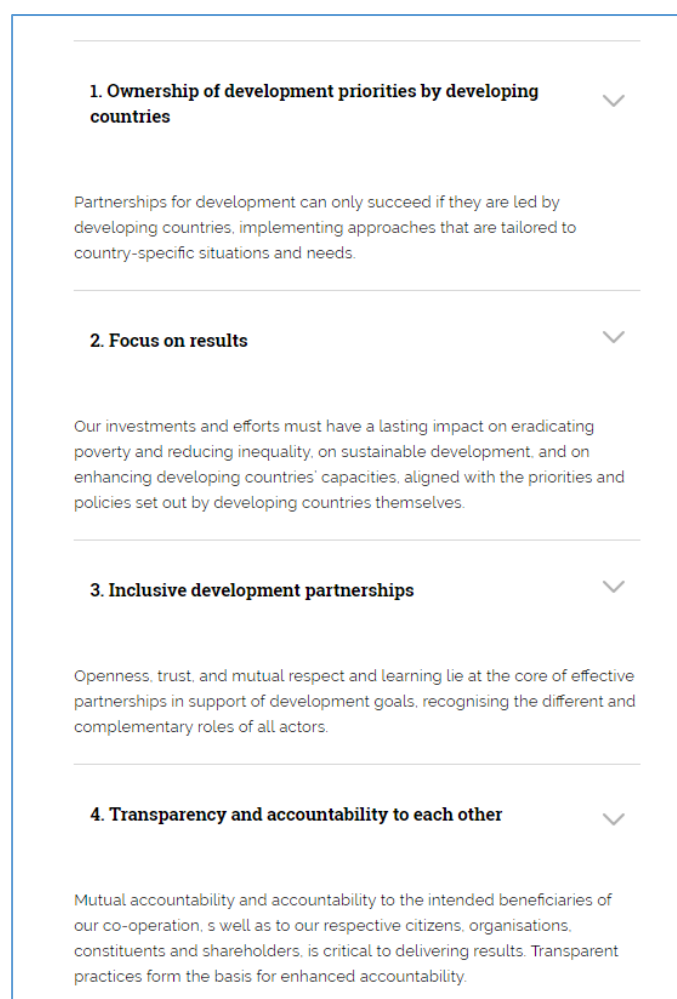
A further point under this heading is to understand better how DFID can work as a global leader. It is notable that the Bilateral Review has 65 references to ‘lead’, and there are also multiple references in the Multilateral Review to DFID’s role in shaping the global architecture. The questions that arise are about the theory of change, and the role of DFID vis-à-vis other donors. Is it just about financial leverage? Or are there other tactics in play?

In practice, DFID has been successful in shaping the global architecture, and not just because it throws money at problems. Delivery of the UK agenda has benefited from alliances (even partnerships): with UK NGOs, research institutes and think-tanks: with other donors, such as the like-minded group in the EU, or through interaction in the DAC, or on the Boards of international organisations. It has managed this because it has prioritised this work in staff allocation, for example seconding staff to agencies or by sending good people to sit on Boards. There are some good examples in the Multilateral Review, for example reform of the humanitarian system. It would have been good to have had more such examples.

There are risks for DFID, however. For example, the emphasis on results and performance-related payments could conceivably drive a wedge between DFID and other donors. It can lead to the privileging of special purpose vehicles and vertical funds (for example on health), at the expense of agencies with wider remits. And it can undermine the effectiveness of agencies by increasing the share of funding that is non-core, and therefore divorced from budget planning procedures. It is interesting that the Multilateral Review complains about there being too many Agencies and not working together – yet simultaneously claims credit for creating many new agencies and special purpose vehicles.

Figure 11

## Principles of the Global Partnership for Effective Development Cooperation



Source: <http://effectivecooperation.org/about/principles/>

Another example lies in the very existence of the Multilateral Development Review, which introduces UK-specific criteria and review procedures, independent of agency-specific and jointly-owned evaluation procedures. One such is MOPAN, the [Multilateral Organisation Performance Assessment Network](#), which carries out joint assessment very similar in intent to the MDR. Did DFID consider, I wonder, the extra costs imposed on agencies by having a separate review? And the risk of reaching a different conclusion?

### *Complete and unified reporting and accountability*

A final quick point under this head, bringing together observations made at various points, is that the Government and/or DFID could think about strengthened reporting. A comprehensive report on DFID funding through NGOs. A single results and reporting framework for all development cooperation, across Government. An overview report on all

research funding, across Government. It is important that ICAI will review all development spending, including e.g. the [Prosperity Fund](#), managed by the Foreign and Commonwealth Office; and that the International Development Select Committee has launched a [new enquiry on aid spending by Government Departments other than DFID](#).

## **Conclusion**

There are many topics I have not explored in these notes. For example, the analysis of the changing environment and future threats/opportunities deserves more study (and is the subject of several papers and lectures I have given this year on topics related to globalisation, the role of the private sector, competitiveness and climate action, for example [here](#), [here](#) and [here](#)). The implications of Brexit are rather little discussed. More could be said about the interface between diplomacy, development and defence, and in general about [policy coherence](#) and [Beyond Aid](#) issues. I hope enough has been said, however, to demonstrate that DFID's reviews are serious, repay further study, demand discussion – and imply a future work programme.

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Simon Maxwell

December 2016

## Annex 1: The assessment framework

Index	Component	Assessment Question
Match with UK Priorities	1. What it does	A: Critical role: does the agency have a critical role in delivering DFID's Strategic Objectives, including achieving the Global Goals and improving resilience and response to crises?
		B: Comparative advantage: does the agency provide an advantage over UK bilateral aid?
	2. How it Delivers	C: Partnership: does the agency work well with others to achieve UK and international development outcomes?
		D: Leave No One Behind: does the agency take action to meet the Global Goal to leave no one behind?
		E: Gender: does the agency ensure a suitable focus on girls and women in its policies, investment choices and partnerships?
	3. Where it works	F: Climate: does the agency support 'climate smart' development, and resilience to disasters and other climate shocks?
		G: Geography and resources: does the agency work in the right places for its particular role and mandate, informed by an appropriate graduation strategy?
Index	Component	Assessment Question
Organisational strengths	4. Results and value	I: Results: does the agency demonstrate delivery against results and objectives?
		J: Controlling costs: does the agency take action to drive down costs to secure value for money?
		K: Efficiency: does the agency demonstrate efficiency in managing its operations and programme and investment choices?
		L: Human resources: does the agency deploy human resources for maximum impact?
	5. Risk and assurance	M: Risk and assurance: does the agency promote risk management and assurance in its corporate governance?
		N: Fraud: does the agency prevent, detect and take sanctions against fraud and corruption?
	6. Transparency and accountability	O: Transparency: does the agency strive to exceed global aid transparency standards?
		P: Accountability: is the agency accountable to partner governments or clients and beneficiaries through all of its work?

Source:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573884/Multilateral-Development-Review-Dec2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573884/Multilateral-Development-Review-Dec2016.pdf)