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Is DFID any good or isn't it? And who's asking?

04 April 2007 ~ Explainer ~ Simon Maxwell

This has been a challenging couple of weeks for DFID. On 19 March, Bronwen Maddox published a sceptical piece in The Times newspaper, that was followed up in its tabloid stablemate, The Sun, and then in a series of interviews on 25 March on the World This Weekend, a flagship current affairs programme on the BBC's Radio 4. There was then a flurry of questions in the House of Commons on 28 March, dealing in different ways with the need for more independent audit of DFID's work. In the same period, the Civil Service published its own Capability Review of DFID; and in the previous week, the department itself published its own policy paper on Preventing Violent Conflict, relevant because much of the case against DFID has been about political analysis and about working with other departments.

ODI is independent and we need to be dispassionate about these arguments. However, we are not indifferent to the debate, and some of our own research is relevant to the points raised. A blog can help pull some ideas together.

Let's start with **Bronwen Maddox**. She says that critics see DFID as 'a sop to idealistic campaigners', 'argue that it spends money without accountability', and suggest it 'lacks the staff and know-how to spend (the money) well'. Furthermore, the rise in DFID's budget is at the expense of the FCO and the armed forces. 'An unexploded land-mine under New Labour', one unnamed academic is quoted as saying. A cultural clash with the rest of the civil service, says Maddox. Contamination by NGO campaigning says another observer. Unaccountable. With patchy professional skills. And under pressure to cut staff. Summing up, Maddox concludes that the government has a case to

answer: 'that the constituency for spending growing sums on aid is as wide as it claims; that DFID is the right outfit to spend it; and that it is doing it in the best way'. Golly.

The World This Weekend developed similar arguments, drawing on the combined expertise of Richard Dowden, Director of the Royal Africa Society, Sir Christopher Meyer, former ambassador to the US, and Sir Edward Clay, former High Commissioner in Kenya. Here we learn that, allegedly, DFID does not have the skills to understand and analyse politics, that it does not measure impact, that its officials never leave the airconditioning of the capital city, that it does not work well with other government departments, that it can be arrogant, that it can't spend the money it has, and that it is too close to disreputable clients in Africa.

Finally, any critic not satiated by all of this should turn to **Hansard** on 28 March, to find MPs (including Andrew Mitchell, the Shadow Secretary of State) pressing the need for independent evaluation of British aid, in particular the Conservative proposal for an independent watchdog. Hilary Benn replied that 'UK aid is subject to external scrutiny through independent monitoring by the Select Committee on International Development, audit by the National Audit Office and peer review by the Organisation for Economic Co-operation and Development. DFID's policies and country programmes are evaluated by external experts and findings are published. However, we can and should go further, so I intend to establish a mechanism to ensure more independent evaluation of DFID's impact and I will inform the House of my proposals in due course.'

Some of these contributions have a whiff about them of competition between DFID and the Foreign Office, which is unfortunate. There is also some obvious and necessary sparring between political parties about the quality of aid. Whatever the source, there are some issues worth discussion. Here are three.

First, on evaluation, we need to be realistic about whether it is possible to be unequivocal about the 'impact' of specifically British aid, and especially to do this through relatively short-term 'evaluation'. It is always possible to identify 'outputs', like roads built or clinics opened, though even here there are problems in deciding whether the roads or clinics are genuinely additional to what would have happened without aid (a problem known as fungibility). Most donors do a pretty good job at recording outputs, and DFID is no exception. It is much more difficult to measure the impact of roads or clinics or other aid expenditures on higher level objectives like

poverty reduction. This is because there are long lines of causality and many intervening factors. Furthermore, there are many actors involved, including other donors, but more importantly the people and government of the country concerned. That's why many of us have been amused by DFID's previous Public Service Agreements, which have been ambitious, to say the least, in tracing a direct link between British aid and the Millennium Development Goals. See my earlier **blog** on this topic, in December 2006, in connection with a discussion about the next PSA.

Tracing the impact of aid is really a job better done at the level of all donors, and better carried out by researchers with time to assemble and analyse complex data sets. This is, indeed, an academic sub-discipline. Mark McGillivray, at the World Institute for Development Economics Research, is one of the leaders of the industry, and this is what he says: 'the research literature on the country-level impacts of aid has come a long way in recent years due to better data and empirical techniques. Research conducted over the last 10 or so years provides overwhelming evidence that aid is effective: economic growth in developing countries would have been lower in its absence. Virtually all of the approximately 50 studies that have been conducted over the last 10 years, albeit with two well-publicized exceptions, draw this conclusion.' That's good enough for me, though DFID could take steps to make its own evaluation unit stronger and more independent. If people would like more, our colleagues at the Centre for Global Development in Washington have launched an **international initiative** on the evaluation of aid impact.

Second, how good is DFID? One answer is provided by the **Capability Review**, published on 27 March. **Capability Reviews** use an assessment framework which asks about leadership, strategy and delivery, and score government departments from 'strong' to 'serious concern' on a total of ten dimensions. Importantly, the reviews are carried out by independent figures: in the case of DFID by a team of five from other parts of Government and the private and voluntary sectors. The result? DFID has a 'clear mission', 'strong and purposeful leadership', is a 'world leader in research and analysis and policy development' and is a 'world leader in international development'. It is 'strong' or 'well-placed' on seven out of ten criteria. Areas for action include better partnerships, more independent challenge, and more investment in building its own capacity. It also needs to engage more with other departments on cross-government priorities. The FCO Capability Review was also published on 27 March – the Department had no 'strong' scores, four 'well-placed', and six areas scored 'development area' or 'urgent development area'.

Another way to judge DFID is to look at the peer review process carried out by the Development Assistance Committee of the OECD. This is a **process** by which aid agencies are reviewed by their peers. The last review of DFID, led by Italy and the US, was published in June **2006**. It concluded that 'the UK is currently seen by many aid practitioners and donors as one of the bilateral models for today's evolving world of development co-operation.' The peer review praised the fact that DIFD was organised strategically around a 'lean and well managed delivery system', and also praised its contribution to multilateral aid and to international aid policy (like the Paris Declaration on aid effectiveness). The main recommendations related to sustaining momentum and to scaling up.

In our own **work** on aid architecture, we asked developing country aid practitioners from 27 countries to rank donors and comment on their strengths and weaknesses. DFID outranked other bilateral and multilateral donors. DFID scored especially highly on efficiency, flexibility, speed of disbursement and alignment with country priorities.

The conclusion to draw from this: 'don't panic!'.

Finally, and probably at the heart of the current debate, is the relationship between aid and political, commercial and military objectives. This is an important topic, again one I discussed in my December **blog**. The UK does need joined up government on the big strategic challenges facing the world. This is a recurrent theme of political leaders, for example the **policy review** launched by the Prime Minister. In his Preface to last year's **White Paper** on international development, Hilary Benn wrote: 'back in 1945, the burning challenge of the day was to rebuild Europe and Japan and to avoid the new cold war becoming a third world war. If we were creating the multilateral system from scratch today, the foremost challenges in mind would be trade and investment, climate change and scarcity of resources, state failure, conflicts within states, the movement of people, international corruption and terrorism. So it is natural that we should look at the multilateral system critically, ask whether it is working, and be ready to help make it work better.' As an illustration, the WP contains a chapter on climate change as a cross-cutting issue.

The theme of joined up government is picked up in the Capability Review, which notes that 'DFID has an important part to play in both the development of international policy and in its delivery through improved cross-Whitehall working . . . other departments will have to do likewise'. It also says that DFID needs to strengthen its

relationships, that this is a big challenge, and that ‘more consistent early engagement by DFID with other government departments . . . is crucial’.

The **Violent Conflict Policy Paper**, published on 14 March, is on a topic where early engagement is obviously needed, and where DFID needs to work well with others. The kind of political analysis that Richard Dowden and others require is also obviously at a premium. The paper is forward-looking, of course, focusing on how to prevent conflict, on better response to conflict, and on making development work ‘conflict-sensitive’. It also provides examples of current collaborations. One is the Conflict Prevention Pools, created in 2001 and jointly ‘owned’ by DFID, the FCO and the MoD. The Pools are specifically funded to help manage conflict, in countries like Sri Lanka or Uganda. Another is the Post-Conflict Reconstruction Unit, again jointly managed by DFID, the FCO and the MoD. This has worked in Afghanistan, Iraq and Sudan. Of course, DFID also works with the UN, including the new Peacebuilding Commission. More generally, on political analysis, DFID has made a big investment in Drivers of Change analysis, in which ODI has been much involved: see for example our meetings series last summer on ‘**Re-Building Developmental States**’.

Is this enough? Obviously not. My own view is that configuring government to handle global challenges will be one of the most demanding tasks facing the new Prime Minister. The new thinking underway at the Cabinet Office is only one part of the answer. Still, it is not quite true to say that the issue is not on the agenda, and that DFID is not thinking, nor being challenged to think more, about its relationship with the Foreign Office and other parts of Government.

The bottom line? ‘Unexploded land-mine’ is, to my mind, too strong a way to describe the current debate about international development. There is much to discuss, but no immediate risk of being blown to pieces.

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