HOUSE OF COMMONS LIBRARY

BRIEFING PAPER

Number 7828, 8 December 2016

The 2016 Bilateral and Multilateral Development Reviews

By Jon Lunn

Contents:

Contents

Summary

After several delays, the 2016 Bilateral Development Review (BDR) and Multilateral Development Review (MDR) were published by the Government on 1 December 2016, superseding the 2011 Reviews published by the previous Coalition Government. In doing so, the word 'aid' in the title of the 2011 Reviews was deliberately replaced by 'development'.

The 2016 Reviews follow on from the publication in November 2015 of a new aid strategy, UK aid: tackling global challenges in the national interest.

The 2011 Reviews were an important moment in the articulation of the last Government's aid policy for that Parliament –the moment when overarching principles and approaches were translated into specific country programmes and decisions on whether or not to support particular multilateral organisations over the next five years.

While the 2016 MDR performs a broadly comparable role to that performed by its predecessor, the 2016 BDR does not. Most notably, unlike the 2011 Bilateral Review it contains no information about future funding allocations by country through to 2020/21. Nor does it provide information about agreed results by country over the same period.

The delays in publication and the absence of this information in the BDR mean that a gap in public knowledge of DFID's planning frameworks has arguably emerged. There have also been no updated versions of DFID's country 'operational plans' published since December 2014. It is not clear from the BDR whether these plans will now be updated and if so, when.

This briefing may be updated in future if future developments warrant it.

1. Introduction

The 2016 Bilateral Development Review (BDR) and Multilateral Development Review (MDR) were published on 1 December 2016, superseding the 2011 Reviews published by the previous Coalition Government. In doing so, the word 'aid' in the title of the 2011 Reviews was deliberately replaced by 'development'.

The ambit of the 2011 Reviews was intended to run only until 2015 but it was effectively extended into 2016 as a result of the delay in the publication of their successors.

The delay has also meant that a gap has arguably emerged in public knowledge of DFID's planning frameworks. For example, there have been no updated versions of DFID's country 'operational plans' published since December 2014.

1.1 Looking back at the 2011 Reviews

The 2011 Reviews, and their subsequent implementation – took place in the context of increasing levels of UK aid spending. The Coalition Government pledged to meet the UN target of spending 0.7% of GNI on Overseas Development Assistance (ODA) by 2013 and successfully did so

The main outcomes of the 2011 Reviews are summarised in the boxes below:[1]

Box 1: The 2011 Bilateral Aid Review[2]

- An end to DFID's bilateral programmes in fifteen countries by 2016, bringing the total number of such programmes down to 27 from 42 (programmes in a further two countries were axed in subsequent years)
- Increased resources for 20 countries with higher levels of poverty or which were deemed to be 'fragile and conflict-affected' (or both), as well as for the British Overseas Territories
- An 18-strong group of 'losers', which were a mix of lower poverty rates (some were middle-income countries), countries where DFID lacked a comparative advantage in delivering aid, and some where there was poor governance.
- Increased resources for most DFID regional programmes, with the Africa Regional Programme continuing to far outstrip the Asia, Caribbean and Central Asia programmes but the Europe programme being discontinued
- A context-specific degree of focus in the bilateral programmes on DFID's five policy priorities (also called 'pillars'): wealth creation; governance and security; climate change; humanitarian assistance; and the Millennium Development Goals (MDGs)
- The setting out of specific quantitative 'results' to be achieved by 2015 by each bilateral programme

1 This summary is based on an April 2011 Library briefing, The bilateral and multilateral aid reviews

2 Bilateral Aid Review, March 2011. See also the Country Summaries document that was published at the same time. The International Development Committee published several country-focused reports on the impact of the 2011 Bilateral Aid Review. See, for example, its 2012 report on the closure of DFID's bilateral programme in Burundi.

Box 2: The 2011 Multilateral Aid Review[3]

• Four out of 43 multilateral organisations to which DFID gave funds at the time were judged as 'fair' (9), 'good' (16) and 'very good' (9) value for money, while nine were assessed as 'poor' value for money

• Six of the nine multilateral organisations judged as 'poor' value for money were UN organisations, four of which (UN-HABITAT, the International Labour Organisation, the UN International Strategy for Disaster Risk Reduction and the UN Industrial Development Organisation) had their funding discontinued as a result

• Five of those judged as 'poor' value for money were placed in 'special measures', with the possibility of a decrease in funding after two years in the absence of sufficient improvement in performance (for example, the development programmes of the Commonwealth Secretariat; see also below)

• Some of those judged as 'very good' and 'good' got funding increases (for example the Private Infrastructure Development Group) while others judged as 'good' were deemed eligible for future increases (for example, the International Fund for Agricultural Development)

In 2013, DFID conducted a Multilateral Aid Review Update in which the value for money rating of the 37 multilateral organisations still being funded was reviewed against the reforms which DFID said they had needed to make in 2011.[4] The main outcomes were:

- All of the organisations were deemed to have made some progress on reform, and about half of them had made good progress
- All of the UN organisations in 'special measures' were deemed to have made steady progress towards emerging from that status
- No additional organisations had their funding discontinued as a result of the update

1.2 Trends in UK aid spending since 2011

Progress against the 0.7% aid target[5]

In 2013, the UK achieved the 0.7% aid target for the first time. It did so again in 2014.

Legislation passed in early 2015 made meeting the target a legal obligation. While final figures will not be available for some time, the Government can be expected to have met the target again in 2015.

Overall, the trend of UK aid spending over the last decade has been strongly and progressively upward. The same cannot be said of all the other major Western donors over this period.[6]

Today, the UK is one of a relatively small group of countries that spend more than 0.7% of their GNI on aid – in 2015, the others were the Netherlands, Denmark, Luxembourg, Norway, Sweden and the United Arab Emirates (all of these countries spent more as a % of GNI than the UK).

The prospect of the UK meeting the target in 2016 has been complicated by the June 2016 referendum vote to leave the EU. As a

3 Multilateral Aid Review, March 2011
4 Multilateral Aid Review Update, December 2013. The International Development Committee published a report on the Multilateral Aid Review process in 2013.
5 For further background, see also the June 2016 Library briefing on the 0.7% aid target.
6 OECD Stat, Table DAC1

result of the vote, the Pound has depreciated in value against other major currencies. This could well affect the absolute size of the aid budget and make meeting the target more challenging than it might otherwise have been. However, the Government remains committed to the target and has given no indication that it will not meet it in 2015 and subsequent years.

Composition and effectiveness

Fragile and conflict-affected states

Over the last decade, the amount of UK aid money spent in fragile and conflict-affected states has risen. By 2014 it had reached 30% of total ODA.

As stated above, the UK Government has now committed itself to spending 50% of its total spend in fragile states and regions.

According to the Independent Commission on Aid Impact (ICAI), DFID has led the way in this area amongst Western donors – in doing so becoming a "specialist organisation for fragile states at the bilateral level".[7] In a February 2015 report, ICAI said:

- global ODA to fragile states fell by 2.4% in 2011, at the point where DFID's scale-up was starting;
- aid to fragile states is volatile, shooting up by 25% from 2011 to 2012 and then decreasing by 4% from 2012 to 2013. Surges of support to a small number of states with global security implications drive this volatility; and
- political and economic pressures over the past four years have led to refocussing and reduction in fragile states expenditure by a number of bilateral donors, including Canada (one of the ten largest donors before 2010). [8]

However, these are particularly challenging environments in which to operate and concerns have sometimes been expressed that this shift in spending increases the risk that more UK aid could be wasted.[9] There has also been criticism that the UK's aid policy is now overly focused on issues of security.[10]

Multilateral organisations

The proportion of UK aid spending that has been spent through multilateral organisations rose during the last parliament. In 2014/15, the amount of ODA spent through multilateral organisations was 41.7% -- up from 34.2% in 2009.[11]

The UK was by some distance the largest contributor to multilateral institutions amongst the members of the OECD's Development

7 The Scale-up of DFID's Support to Fragile States, Independent Commission on Aid Impact, February 2015, p5
8 The Scale-up of DFID's Support to Fragile States, Independent Commission on Aid Impact, February 2015, p5
9 Working Effectively in Fragile and Conflict–Affected States: DRC and Rwanda, International Development Committee, Session 2010-12, December 2011
10 "David Hulme: President's Foreword to the Development Studies Association", development@manchester blog, 2 December 2015
11 Table A1a. Total UK ODA: by type (bilateral, multilateral), Statistics on International Development 2015

Assistance Committee (DAC) in 2014, providing nearly 20% of the total contributed.[12]

This shift has not been without its critics, who worry that it reflects DFID's reduced in-house capacity to implement their programmes and that the value for money of funds directed via this route is too often poor.

However, this trend may be about to go into reverse. In December 2015, DFID's Permanent Secretary, Mark Lowcock, suggested that this share might start to come down again during the current parliament, largely because some multilateral organisations are likely to be less effective in achieving the objectives set out in the new UK aid strategy than bilateral programmes.[13]

Economic development

Since 2013 DFID has increased the importance and weight of economic development – that is, a focus on strengthening the positive effects of trade, investment and the private sector – as an organising concept in UK aid policy.

DFID announced plans to spend £1.8 billion on economic development by 2015-16 – more than doubling the amount spent in 2012-13.[14] The recently-announced Prosperity Fund (see above) is also intended to take this agenda further forward. The agenda is also consistent with a growing government focus on going 'beyond aid' as part of efforts to reduce poverty around the world.[15]

Some may be concerned that this shift in policy (along with several others) reflects a move away from the emphasis on poverty-reduction as enshrined in the *International Development Act 2002*. Others, including the UK Government, are likely to view it as recognition that large-scale poverty reduction requires "structural transformation".[16]

Over the last decade or so, most other major Western donors have had a weaker focus on poverty reduction than the UK. According to the international NGO ONE, levels of global ODA spending on Least Developed Countries fell between 2010 and 2014.[17]

The UK has led international efforts to 'untie aid' over the last decade or so.[18] However, at the end of 2014 the previous Government noted that

---

12 OECD Stat, Table 13

13 International Development Committee, Oral evidence: DFID's Allocation of Resources, HC 533, 8 December 2015

14 Economic development for shared prosperity and poverty reduction: a strategic framework, DFID, January 2014

15 See, for example,"Beyond aid - development priorities from 2015", speech by Justine Greening, 7 July 2014

16 "Western donors must pinpoint aid at poorest countries, says ONE", *Guardian*, 26 May 2015; Willem te Velde, D.; Griffith-Jones, S. (Editors), "Sustaining growth and structural transformation in Africa: how can a stable and efficient financial sector help?" Growth Research Programme, 2013

17 "Western donors must pinpoint aid at poorest countries, says ONE", *Guardian*, 26 May 2015

18 Clay, Edward J., Matthew Geddes and Luisa Natali, Untying Aid: Is it working? An Evaluation of the Implementation of the Paris Declaration and of the 2001 DAC Recommendation of Untying ODA to the LDCs, Copenhagen, December 2009. 'Untied aid' is defined in this report (p5) as: "Loans and grants whose proceeds are

while DFID's centrally-managed contracts are subject to fair and open competition under EU legislation, UK companies win over 90% of them.[19]

Policy coherence for development

Successive UK governments have taken steps to enhance performance in this area. Most notably, the Coalition Government created the National Security Council (NSC), on which DFID is represented by the Secretary of State, in 2010 and established the Conflict, Security and Stability Fund in April 2015. Since then, the Prosperity Fund has also been created. Both are being managed by the NSC. Reflecting these developments, the level of ODA spend by non-DFID government departments is set to rise during this parliament – from 15% in 2015 to 28% in 2020.[20]

But there has been criticism that the 'whole-of-government' approach is yet to extend convincingly to the UN Sustainable Development Goals (SDGs – the successors to the MDGs) which were agreed in September 2015.[21] In June 2016, the International Development Committee published a report on the UK's implementation of the SDGs. One of its conclusions was:

> Engagement of government departments will be central to the success of domestic implementation, which itself has an impact on making progress on the goals globally. As such, we are particularly concerned that the SDGs have not been included in the 2015–2020 Single Departmental Plans of all government departments as was previously suggested by the Minister. Only DFID and the FCO's plans reference the Goals.[22]

In its September 2016 response to the report, the Government said:

> While the Government agrees that all departments are central to successful domestic implementation of the Goals, it disagrees that each Single Departmental Plan (SDP) should be urgently reviewed with the specific references to the Goals by number. The Government's manifesto sets out the policy areas through which the UK will make its contribution to implementation of the Goals and Single Departmental Plans reflect all of the manifesto commitments. The ongoing monitoring of SDPs will hold government departments to account and help ensure that the UK is playing its part domestically in achieving the Goals.[23]

The record of other major Western donors on Policy Coherence over the last decade or so has been mixed.[24] Countries like Sweden have been leading the way, with the UK arguably towards the middle of the pack. In 2014, the OECD said of the UK:

---

fully and freely available to finance procurement from all OECD countries and substantially.all developing countries."

19 PQ 906682 11 Dec 2014
20 International Development Committee, Oral evidence: DFID's Allocation of Resources, HC 533, 8 December 2015
21 See the September 2015 Library briefing about the Goals for further background.
22 UK implementation of the Sustainable Development Goals: Government Response to the Committee's First Report of Session 2016–17, 15 September 2016, para 18
23 Ibid, para 20
24 Better Policies for Development 2015, OECD, 2015

> […] the lack of a comprehensive approach to ensuring its development efforts are not undermined by other government policies means potential incoherence in other policy areas can be overlooked.
>
> It also means opportunities might be missed for stakeholders to provide evidence on and solutions to problems of incoherence. For instance, little has been done to address potential links between migration policy and development. In addition to managing trade-offs, a more systematic approach would help the UK to tap positive synergies across policy agendas, as it has started to do with trade and development.[25]

Results and value for money

Over the past decade or so, successive UK Governments have become increasingly concerned with aid effectiveness, which in turn has led to a greater focus on measuring results and achieving value for money. In 2011 the Coalition Government published a 'Results Framework' and a 'Value for Money' policy document.[26]

To further strengthen efforts in this area, the Coalition Government also set up the Independent Commission on Aid Impact (ICAI) in 2010, which reports to the International Development Committee.[27]

Further measures to be introduced by 2020 in these areas were set out in the November 2015 aid strategy.[28] For example, DFID "will expand Payment by Results in aid, in line with DFID's recent strategy on this."[29] During 2015 "Payment by Results" reached 80% by value of all new centrally-procured DFID contracts.[30]

While these moves have been broadly well-received, there have been concerns that a lack of good quality data can often make it difficult to

> […] compare the costs and benefits of a particular programme with alternative ways of achieving the same outcomes (and with doing nothing).[31]

More fundamentally, some question how far 'cost-benefit' approaches can ever adequately capture complex social realities on the ground; others ask whether such approaches lead donors to play safe, favouring international actors – who know how to 'play the donor game' – over local ones.[32]

In March 2016 the International Development Committee said of 'Payment by Results":

25 United Kingdom - DAC Peer Review of Development Co-operation, OECD, 2014, p15. For a less than wholly positive assessment of Sweden's approach, see: "Sweden's Policy for Global Development. The Government's joint responsibility?", Swedish Agency for Public Management, 2014
26 Results Framework, DFID, 2011; Value for Money policy document, DFID, 2011
27 Independent Commission on Aid Impact. ICAI published a report, "DFID's approach to delivering impact", in June 2015, which looks in depth at DFID's results agenda.
28 See Section 4 of the aid strategy (pp21-22)
29 Payment by Results Strategy, DFID, 2014
30 International Development Committee, DFID's allocation of resources, interim report, March 2016, para 56
31 "Better Results? Value for money assessments of aid", Oxford Policy Management, 2012, p2
32 See, for example, Cathy Shutt, "Does value for money help or hinder the search for social transformation?", Open Democracy, 11 August 2014

> Evidence to the Committee suggests that there is still only a weak evidence in support of Payment by Results and that it can have negative consequences. We are therefore alarmed by its rapidly increasing usage, as this is not yet supported by the evidence. DFID must be very careful that the use of Payment by Results works effectively in a fragile states and regions context, with the necessary focus on real transformational change and flexibility to adapt to changing circumstances.
>
> DFID should reduce its use of Payment by Results until it has a stronger evidence base and the deeper knowledge and understanding to implement it without negative consequences.[33]

Spurred on by the 2005 Paris Declaration on Aid Effectiveness and follow-up meetings, other major Western donors have moved in a similar direction to the UK on results and value for money.[34] Inevitably, some have gone further than others. No other major Western donor has established a body like ICAI.

1.3 Laying the foundations for the 2016 Reviews

The foundations for the 2016 were laid by Conservative Party's May 2015 election manifesto and, following its victory at the polls, by the November 2015 aid strategy, UK aid: tackling global challenges in the national interest.

Jointly published by the Department for International Development (DFID) and HM Treasury, this strategy was published on the same day as the National Security Strategy and Strategic Defence and Security Review 2015. This confirmed that the Government led by former Prime Minister David Cameron explicitly viewed UK aid policy as a 'whole-of-government' matter.

These documents set out a number of key decisions on future aid policy that would have implications for the 2016 Reviews.

The new aid strategy is based on "four strategic objectives" – to each of which more resources are to be devoted:

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

The following actions were announced in the strategy:

> […] as a result of our new approach, we will:

33 International Development Committee, DFID's Allocation of Resources, interim report, March 2016, paras 56-60

34 Paris Declaration on Aid Effectiveness. See also Aid Effectiveness 2011: Progress in Implementing the Paris Declaration, OECD, 2012. The most recent global meeting at which this agenda was addressed was the first High-Level Meeting of the Global Partnership for Effective Development Co-operation, which took place in Mexico in 2014.

> allocate 50% of all DFID's spending to fragile states and regions;
>
> increase aid spending for the Syrian crisis and the related region;
>
> end all traditional general budget support – so we can better target spending;
>
> use an expanded cross-government Conflict, Stability and Security Fund (CSSF) to underpin our security objectives by supporting the international work of the National Security Council (NSC);
>
> create a £500 million ODA crisis reserve to allow still greater flexibility to respond to emerging crises such as the displacement of Syrian refugees;
>
> fund a new £1 billion commitment to global public health (the "Ross Fund") which will fund work to tackle the most dangerous infectious diseases, including malaria. The fund will also support work to fight diseases of epidemic potential, such as Ebola, neglected tropical diseases, and drug resistant infections; and
>
> use a new cross-government Prosperity Fund, led by the NSC, to drive forward our aim of promoting global prosperity.
>
> We believe this fundamental shift in how we use 0.7% of our national income will show there is no distinction between reducing poverty, tackling global challenges and serving our national interest – all are inextricably linked.
>
> We will ensure that every penny of money spent delivers value for taxpayers, and projects that do not will be cancelled.

It was confirmed in the aid strategy that the CSSF will be worth £1.3 billion a year by 2019/20 and that the Prosperity Fund would be worth £1.3 billion over the five years 2016-2020. It confirmed that DFID would invest £735 million in CDC (the UK's Development Finance Institution, wholly owned by the UK government).

It was also confirmed that UK would increase its climate funding by at least 50% over 2016-20 as compared with 2011-16, thereby spending at least £1.76 billion in 2020.

It was made clear in the aid strategy that the UK would be "stepping up" its efforts in Syria, the Middle East and North Africa during the course of this parliament.

Finally, the aid strategy said on value for money that:

> DFID's Bilateral and Multilateral Aid Reviews [...] will conclude by early 2016, and [...] will set out more detail on how the government is driving value for money in the DFID budget and the international system.

In February 2016 DFID published a 'Single Departmental Plan' for 2015-20, which can be used to "track the department's progress towards achieving its priority objectives."[35]

1.4 Publication of the 2016 Reviews delayed

The 2016 Reviews were originally due to be published in the spring of 2016. Subsequently, publication was pushed back to the early summer.

---

[35] These are the objectives described as "four strategic objectives" in the November 2015 UK aid strategy – as set out on page four of this briefing. [Single departmental plan: 2015 to 2020](), DFID, February 2016

In the end, they were published in December, over eight months later in the calendar year than they had been in 2011 (see section 1.3).

The reasons for these delays are not difficult to find. The delay until the early summer arose because much government business was held over until after the 23 June referendum on whether to leave or remain in the European Union (EU).

The political turbulence which followed the vote to leave led in mid-July 2016 to a new government led by Theresa May. In the reshuffle that followed, Justine Greening, Secretary of State for International Development since 2013, was succeeded at DFID by Priti Patel.

Priti Patel then further delayed the publication of the Reviews so that she could put her own stamp on them. She has criticised aspects of UK aid policy in the past. An article by her in the *Mail Online* in September 2016 provided some insights into the approach she would be taking. After praising the impact of UK and global aid when it is "being used properly", she wrote:

> But we need to face facts. Too much aid doesn't find its way through to those who really need it. And too often, money is spent without a proper focus on results and outcomes that allow the poorest to stand on their own two feet.
>
> […] My approach will be built on some core Conservative principles: that the way to end poverty is wealth creation, not aid dependency; that wealth is ultimately created by people, not the state; that poor countries need more investment and trade, not less; and that we need to empower the poorest to work and trade their way out of poverty, not treat them as passive recipients of our support.
>
> […] We will honour the commitments that we have made on development in our manifesto. But let me be clear. A well-financed aid budget is a means to an end, not an end in itself. Its purpose is not to make us feel good about ourselves.[36]

However, doubts have been expressed in Conservative circles about whether Priti Patel's approach will work. Lord Ashcroft responded:

> […] Patel finds herself running a department held hostage by a self-absorbed aid industry, filled with officials whose focus is inevitably on getting those growing mountains of cash out the door rather than controlling costs. As her budgets grow each year alongside the economy so will the jealousy of colleagues, the wasteful nature of the projects and the intensity of public criticism. To my immense regret, this is why I fear that for all her fine intentions the unfortunate minister is doomed to near-certain failure.[37]

Speaking at the Conservative Party conference in Birmingham in early October 2016, Priti Patel reiterated many of the arguments she had made in the *Mail Online* article, promising to put "reform, transparency and accountability" at the top of her agenda.[38]

---

36 "Too much of your money is simply stolen or squandered", *Mail Online*, 13 September 2016

37 "Lord Ashcroft: Patel's approach to aid is correct, but I fear she is already doomed", Conservative Home, 29 September 2016

38 "Patel: Building a global development system for the 21st Century", 2 October 2016

2. The 2016 Bilateral Development Review

The Bilateral Development Review (BDR) and Multilateral Development Review (MDR) were published together on 1 December 2016. The replacement of 'Aid' with 'Development' in the titles of the reviews was no accident. Priti Patel said in her foreword to the BDR:

> This is a Bilateral Development Review not just an aid review. Aid is and will remain a vital component of our efforts. But defeating poverty will require more: a truly joined-up effort across the whole of Government – including using the opportunity of leaving the EU to free up trade with the world's poorest.[39]

This shift in terminology raises questions about how far the 2011 and 2016 reviews can or should be viewed as comparable. However, overall the BDR appears to be a bigger departure from its predecessor than the MDR. In many ways, it reads more like an amended (but still recognisable) version of the November 2015 UK aid strategy (see above) than the detailed decision-making document that some people had anticipated.

2.1 Process and methodology

According to the technical note which accompanied the BDR, the process consisted of three main phases:

- Phase 1: Bilateral spending teams (ie those in the main countries in which we operate and central teams with bilateral portfolios) prepared draft strategies which set out visions of what they wanted to achieve, "portfolio shifts" that reflected these visions and how and where DFID had a "comparative advantage";
- Phase 2: Initial findings were tested for "coherence across DFID's portfolio" in the light of other review processes underway, including the MDR; it is said that the teams "consulted with a range of stakeholders" during these first two phases of the process
- Phase 3: The focus was on "business planning": finalising strategies and aligning them with programme and operating cost budgets for the Spending Review period 2016/17-2020/21[40]

The technical note also provided information about the methodology that underpinned the process. Central in the development of the strategies were:

- "The Country Poverty Reduction Diagnostic", which was used to "establish how we can make the most transformational investments in our partner countries to support a timely, self-financed and secure (low risk) exit from poverty"; and, closely linked, "inclusive growth diagnostics", which helped "to build the

[39] BDR, 1 December 2016, pp4-5
[40] BDR technical note, 1 December 2016, pp2-5

evidence base for how to prioritise economic development investment"[41]

- DFID's "aid allocation model", which operated as a "benchmark" both for the evaluation of "global aid allocation" and for the "allocation of bilateral country programme resources focused on extreme poverty and poor human development outcomes"; the model does not address humanitarian aid or countries which can finance their own development[42]
- A "fragile states methodology", under which fragile states and regions were identified; based on "open-source data from a range of sources", this also built on DFID's current list of fragile states[43]

2.2 Results

Unlike its 2011 predecessor, which set out provisional bilateral spending plans for the whole of the spending round 2015/16-2019/20, the 2016 BDR provides no additional information on DFID spending plans for the period 2016/17-2020/21. No country programmes have been identified for closure.

This situation may partly be explained by another sentence in the technical note, where it says: "Rather than a top down allocation of money, it [the Review] prioritises a bottom up scrutiny of what results we can achieve through each country programme."[44] However – again in contrast to the 2011 Review – information about agreed results by country is also absent.[45]

This means those who want to this kind of information must go back to the country operational plans for 2016-20, which have not been updated since December 2014, and other sources already in the public domain. Indeed, the technical note refers readers to DFID's Annual Report and Accounts 2015/16, which gives us a country-breakdown of spend through to 2017/18.[46]

So, why relatively little country-specific information in the 2016 BDR? The 2016 BDR's technical note says that its' "outcomes have been reviewed to reflect the Secretary of State's priorities, the UK's decision to leave the European Union, and recent machinery of government changes."[47] In other words, the review has itself been reviewed. Some may hope that more concrete country-specific information will soon follow. But there are no promises to this effect in the BDR.

It is also worth noting that, by declining to specify future spending plans, the 2016 BDR has been brought into line with past and present MDR's, which have not done this either.

41 BDR technical note, pp3-5
42 BDR technical note, p6
43 BDR technical note, p7
44 BDR technical note, p2
45 In the 2011 review, the language was one of country priorities, rather
46 BDR technical note, p5. See also DFID Annual Report and Accounts 2015/16
47 BDR technical note, p5

The list of fragile states and regions provided in the technical note potentially provides some insight into those countries which may be prioritised in spending terms through to 2020/21.[48] 17 countries are identified as of "high fragility" and a further ten as neighbours of highly fragile states. A minority of the countries in both categories are 'middle-income'. Three regions are identified: the Middle East and "South of the Sahara" and "North of the Sahara".

In the main BDR document, the Sahel is mentioned as a focal point for DFID. Syria, Turkey, Lebanon, Jordan, Afghanistan, South Sudan and Sierra Leone are also name-checked.[49] But no guidance is offered as to which of these countries might be a good fit in terms of DFID's 'comparative advantage'.

There were some new announcements in the BDR – perhaps most notably an undertaking that DFID will "strengthen" its work on the "neglected and under-prioritised area" of disability, becoming a "global leader."[50] However, the BDR did not provide figures for future spend in this sphere.

Finally, the BDR said that DFID "will seek opportunities to scale up the work of the CDC."[51] By the time of the BDR's publication, a Bill had been introduced in the Commons which will allow the Government to quadruple the capital available to the UK's development finance institution, the CDC Group, in which DFID has a 100% shareholding. The Bill looks set to be fast-tracked into law.[52]

2.3 Initial reaction

Initial reactions have often been to both Reviews as a 'package'. Below, we focus predominantly on the BDR, but some comments refer to the MDR as well.

Parliament

There was an Urgent Question about the Reviews in the Commons on 2 December 2016.[53] There was the following exchange between Kate Osamor, Shadow Secretary of State for International Development, and James Wharton the Parliamentary Under-Secretary of State for International Development. Kate Osamor said:

> I thank the Department for finally releasing the multilateral and bilateral aid reviews. The House, the NGO community and civil society have had to wait a long time to finally read the reviews. Why did it take so long? The reviews show that DFID is working in challenging environments and delivering aid transparently—no wastages, no reason for alarm—so why has the Secretary of State continued to show little support for DFID? I hope she will now show it some support. In 2011, the development reviews included

48 BDR technical note, p5
49 BDR, pp51-4
50 BDR, p39
51 BDR, p27
52 For more about this Bill, see the Library briefing, Commonwealth Development Corporation Bill 2016-17, 25 November 2016
53 Aid Reviews, HC Deb 2 December 2016 cc1810-20

> specific country-by-country data, including indicative spending levels per country. Why do the current reviews not include these important data?

James Wharton responded:

> The shadow Secretary of State asks why it has taken so long to publish the reviews. We live, of course, in a new global environment. We have seen many events this year—in this changing world of politics—including the vote to leave the EU, and the Secretary of State rightly wanted to ensure that the reviews, when they were published, fully took account of the new opportunities presented to us, including the chance to be truly global in our outlook and to deliver a global Britain, and of the contribution that DFID can make to that. It was absolutely right, therefore, that we took our time to ensure that the reviews could take account of the changing environment and global circumstances.
>
> I take exception, however, to the shadow Secretary of State's characterisation of the Secretary of State as in any way needing to show more support for the Department. I have had the great pleasure to work with her in DFID since the summer, and I have seen somebody who is driving real reform and change and taking with her a Department that is buying into a vision and a strategy that will deliver more and better for some of the world's poorest people.

The SNP's Patrick Grady said:

> These are less multilateral and bilateral reviews than a sort of unilateral declaration of the Secretary of State's personal and political agenda on this issue […] In the bilateral review, there is an apparent shift from a partnership approach, working towards shared goals, to a contractual approach in which stakeholders are merely service providers meeting DFID's own determined goals. Where is the evidence that this will be more effective and have a greater impact?

The International Development Committee responded initially through a series of tweets, welcoming specific aspects of the Reviews, raising some questions about others – and promising to scrutinise them both in more detail when the Secretary of State gave evidence, as she is scheduled to do on 19 December.[54]

NGOs and think-tanks

The public response of UK-based development NGOs was positive. For example, Bond, the UK membership body for organisations working in international development or supporting those that do, said:

> The Bilateral and Multilateral Development Reviews, published today, are an important and welcome statement of Britain's ongoing commitment to playing a leading role in tackling global poverty, working together with our partners around the world. The UK's development and humanitarian programmes save and transform millions of lives every year, through focusing on the needs of the poorest and most vulnerable people. We are very pleased to see the reconfirmation that the UK intends to continue

54 https://twitter.com/CommonsIDC

> to play a proactive and leading role in tackling some of the world's most pressing challenges.[55]

The London School of Medicine and Tropical Hygiene also welcomed the Reviews.[56]

ONE welcomed the Reviews but cautioned that DFID needed to take care not to lose its "poverty fighting purpose" and should ensure that, if increased funds are to be provided to the CDC Group, that organisation"must meet the utmost levels of transparency and focus on development impact."[57]

The only commentator to reflect any concerns about the BDR in the immediate aftermath of publication was Molly Anders on the website Devex.com. Below are extracts from her 2 December 2016 article:

> The BDR offers little new information about DfID's bilateral priorities, instead bringing together some of the agency's more recent shifts in aid spending. These include an emphasis of spending aid across the government, a pledge to spend 30 percent of aid through fragile states, an end to general budget support in bilateral spending in favor of earmarked contributions, and plans to follow through on its pledge from April's Syria donors conference to spend an additional 1.2 billion pounds ($1.5 billion) in the Middle East and North Africa region.
>
> "The BAR does not demonstrate any radical changes in policy but rather indicates that existing trends will be accelerated. Economic development, creating jobs, boosting trade and investment all receive heavy emphasis," Peter Young, director of Adam Smith International, told Devex.
>
> Despite the relatively unsurprising results, civil society organizations speaking to Devex said this review offers one significant shift from past BDRs. Many development organizations claim the agency left them out of review consultations, a radical departure from the methodology used in the previous BDR in 2011.
>
> […] While some consultation may have taken place through CSO country offices, 10 U.K.-based international development organizations that spoke to Devex claimed DfID did not ask for their feedback on the review.
>
> One organization said they were invited "a long time ago" for feedback, but pointed out the review was delayed "for awhile," indicating that the most recent partner feedback on bilateral spending was submitted more than a year ago.
>
> Speaking on background to preserve business ties with DfID, the organization said they submitted concerns and questions through Bond for International Development — which typically serves as a DfID-CSO go-between — "more than a year and a half ago," but that the feedback wasn't solicited by DfID and they never heard back or received confirmation from the agency.
>
> Another development practitioner said this BDR "was very light on mentions of civil society," and that "the methodology feels a bit

---

55 Bond statement on the aid reviews, 1 December 2016
56 "DFID Bilateral and Multilateral Aid Reviews welcomed", 2 December 2016
57 "ONE reacts to Priti Patel's first departmental review", 2 December 2016

less rigorous," pointing out this BDR also lacks a country-by-country breakdown of priorities, unlike the 2011 BDR.

When Devex told a DfID spokesperson by phone about the claims and asked for confirmation that civil society was not consulted, the spokesperson emailed the following:

:

Hi Molly,

See below from the Bilateral Development Review technical note:

"DFID country teams have consulted with a range of stakeholders on both the pre-Bilateral Development Review analytical work (Country Poverty Reduction Diagnostics and Inclusive Growth Diagnostics) and in the early phases of the Review, including Government, multilaterals, civil society, academics, the private sector and young people."

p. 5 - https://www.gov.uk/government/publications/rising-to-the-challenge-of-ending-poverty-the-bilateral-development-review-2016

Thanks

[…]

The BDR states that DfID "will increase payment by results," the mechanism whereby delivery partners are only paid after they demonstrate impact. Payment by results contracts represented the majority of new contracts awarded by DfID last year, comprising about 74 percent of all contracts awarded by the central DfID office, the review states.

DfID's PBR strategy worries small-to-medium organizations, which say they lack the upfront budget overhead to deliver projects without help from DfID. It's still unclear whether the agency will take this into consideration and offer more generous payment mechanisms with it's smaller partners in-country. The recent announcement of U.K. Aid Connect in the Civil Society Partnership Review, which is geared toward small-to-medium organizations, could be a clue as to how DfID's payment plans will shake out.[58]

[58] For more about the Civil Society Partnership Review, see the 11 November 2016 Library briefing, DFID's Civil Society Partnership Review (CSPR)

3. The 2016 Multilateral Development Review

Also published on 1 December 2016, the Multilateral Development Review (MDR) bore a significant resemblance to its 2011 predecessor (along with the 2013 update). However, there were differences in the methodology employed and unlike in 2011, no organisation is set to have its core funding stopped as a result of the publication of the MDR.[59]

3.1 Methodology

The MDR "examined every agency which receives more than £1 million of annual core funding from DFID" (making 38 in total), looking at them through the prism of two indices: how their work "aligned with UK development and humanitarian objectives"; and their "organisational strengths".

The Review says:

> For the first time, the Review also looked at how agencies work together to deliver the Global Goals and, therefore, whether the multilateral system is delivering as a whole. We carried out analysis on four areas which are priorities for the UK development and humanitarian effort, and where many multilateral agencies are involved: responding to humanitarian need; developing economic infrastructure; supporting better health outcomes; and addressing gender concerns.[60]

For each organisation, the MDR assessed: what it does; how it delivers; and where it works.

On organisational strengths, the Review focused on:

> **Results and value**: whether the agency is clear about the results it is delivering, and taking action to improve its value for money including by driving down its costs, improving efficiency, and managing and deploying its staff effectively.
>
> **Risk and assurance:** whether the agency assesses risk and has policies to reduce and manage this; and whether it prevents, detects and takes action against fraud and corruption.
>
> **Transparency and accountability:** whether the agency strives to exceed global aid transparency standards, and is accountable to partner governments, clients and beneficiaries.[61]

DFID's organisational strength index was constructed so that it involved tougher standards than those used in 2011.[62]

The Review used an updated assessment framework for these two indices, which is to be found in Annex 1 of the review. Organisations

[59] There is some room for doubt about this statement. The Global Facility for Disaster Risk Reduction had its funding stopped earlier in 2016 – before the MDR was published. However, given the delay in publishing the MDR, it cannot be ruled out that the decision was in practice linked to the process.
[60] MDR, 1 December 2016, pp12-13
[61] MDR, p15
[62] MDR, p15

were given an overall score for each index ranging from 'very good', to 'good', to 'adequate' and to 'weak'.

In terms of evidence, DFID drew on publicly-available information, feedback from government staff and others working in developing countries. In addition, "quality assurance and moderation of the assessments involved independent external reviewers."[63]

As well as the main document, DFID also published one-page assessment summaries for each organisation. These included numerical scores for specific sub-headings under the two main indices.[64]

3.2 Results

The MDR did not specify future funding allocations to organisations. However, it has provided an evidence base for future decisions. In this there is continuity with its 2011 predecessor, which did the same.

The overall conclusion was as follows:

> The 2016 Multilateral Development Review confirms that DFID's multilateral partners align closely with the UK's strategic development and humanitarian objectives and organisational capacity is improving. But all agencies have scope to do better and some need urgent and radical reforms.

The "strongest performers" were the World Bank, the Global Fund to fight Aids, Tuberculosis and Malaria and GAVI, the Vaccine Alliance. All of these will get strong support from the UK over the period to 2020/21.

There was a group of "good performers" with which DFID intends to work to further improve their performance, including by "linking future funding to agreed results targets." These included the International Committee of the Red Cross and the European Commission.

The MDR also identified a number of "mixed performers" who are of "critical importance to the UK's objectives but whose organisational performance could be better. Included in this category were the World Health Organisation, and the International Federation for the Red Cross and Red Crescent. DFID will work with these organisations to identify reform priorities and track future progress.

Finally, there were four "poorest performers": UNESCO; the Commonwealth Secretariat; the Caribbean Development Bank; and the Global Facility for Disaster Risk Reduction. DFID has drawn up a "targeted, measurable improvement plan against which UNESCO will be evaluated". It has "produced a Performance Agreement designed to help bring the Commonwealth Secretariat up to an acceptable standard". A DFID team is to be embedded within the Caribbean Development Bank. Finally, on the Global Facility for Disaster Risk Reduction, DFID "took the opportunity not to renew core funding […] earlier in 2016."[65]

---

63 MDR, p14
64 Available on www.gov.uk via this link.
65 MDR, pp35-7

UNESCO and the Commonwealth Secretariat were amongst four organisations that were placed in special measures by the 2011 Review. They remain there. However, the other two organisations, the Food and Agriculture Organisation and the International Organisation for Migration, were both praised in the 2016 MDR for having "turned their performance around."[66]

It is worth noting that none of the four organisations which DFID decided to stop funding as a result of the 2011 Review – UN HABITAT, the UN Industrial Development Organisation, the UN International Strategy for Disaster Reduction and the International Labour Organisation – appear to have been reviewed again in 2016 to see if they now warranted renewed support.

Looking to the future, the MDR also identified "five key changes across the international system" that DFID will promote:

- Targeting resources for maximum impact
- A truly transparent, efficient system
- Working together to maximise results
- A transformed humanitarian system
- Economic development in action: open and more productive economies for millions of better jobs[67]

Strategies for achieving change will include more strongly linking funding to performance. The MDR warned: "The UK's funding should not be taken for granted by any agency."[68]

Tables and charts from the MDR comparing organisational performance can be found in the Appendices at the end of this briefing.

3.3 Initial reaction

Parliament

In additions to concerns about a lack of data in the Reviews, some specific questions relating to the MDR were raised during the Urgent Question in the Commons on 2 December 2016.[69] For example, Stephen Doughty asked:

> EU agencies, such as the Directorate-General for European Civil Protection and Humanitarian Aid Operations—ECHO—and the European Development Fund, are rated among the highest-performing international agencies. Will we continue funding them, regardless of the Brexit process?

James Wharton replied:

> The hon. Gentleman asked about EU agencies and whether Brexit might divert funding from them. I do not want to pre-empt the process of Brexit, but I would suspect that where it could deliver value for money we would look to work with international institutions, of whatever type, in order to secure the outcomes we

66 MDR, p17
67 MDR, p27-9
68 MDR, pp30, 32
69 Aid Reviews, HC Deb 2 December 2016 cc1810-20

> want—because it is on outcomes that we are focused. We want to ensure maximum value for money, help the most people and drive development in the most effective way.

Patrick Grady asked:

> If the multilateral system is broken, as claimed in the review, where is the determination to work with other Governments to fix the problem? Surely holding agencies to a unique set of DFID measurements will increase the bureaucratic demands and inefficiencies.

James Wharton replied:

> It is commendable that the Secretary of State, this Department, this Government, we in this place and British taxpayers are driving performance agreements for multilateral organisations which will improve the work they do and the efficiency with which they use the funding. That will allow them to help more people over the longer term and in a more sustainable way. I think that is exactly the right approach. We should put the requirements of efficiency and transparency on organisations that receive funding from the UK taxpayer.

NGO and think-tanks

UNESCO was the only multilateral organisation criticised in the MDR to respond publicly to it in the immediate aftermath of publication. In a media statement, Director-General Irena Bokova called it "flawed" and added:

> For the sake of accuracy and transparency, this report must undergo a thorough and professional review that objectively takes into account the steps that UNESCO has taken to address the key issues highlighted in the report.[70]

There was no immediate public response from the Commonwealth, the Caribbean Development Bank or the Global Facility for Disaster Risk Reduction. However, in another article by Molly Anders on Devex.com, a Commonwealth spokesperson was quoted as saying that the Review:

> was undertaken before Secretary-General Patricia Scotland took office. She was unanimously elected to the post and given an unequivocal mandate to reform the Commonwealth Secretariat […] The Secretary-General acknowledges the challenges facing an organization which is not your typical development agency and is determined to ensure it continues to serve all 52 countries, many of which are small states and vulnerable, and its more than two billion citizens.[71]

FAO welcomed its designation as a much improved performer.[72]

70 "UNESCO rejects findings of the 2016 UK Multilateral Development Review", 1 December 2016
71 "Winners and losers in DfID's new Multilateral Aid Review", 2 December 2016
72 "A statement by FAO Director-General José Graziano da Silva", 5 December 2016

Appendix MDR agency scores and performance[73]

Multilateral agency	Match against UK 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

[73] Based on the Table on p16 of the MDR. Figure 4 below taken directly from p34 of the MDR

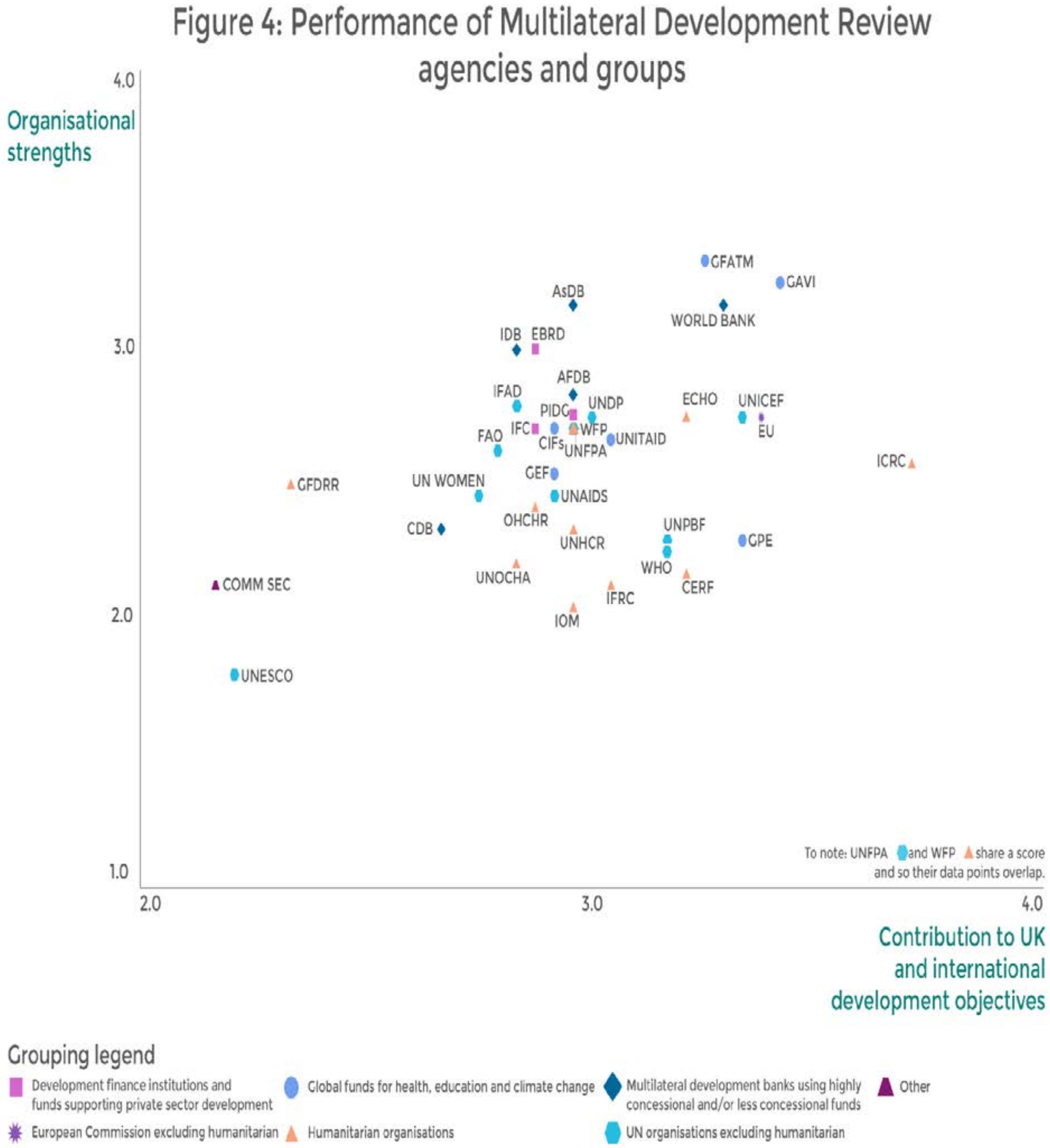
Figure 4: Performance of Multilateral Development Review agencies and groups
Organisational strengths
4.0
3.0
2.0
1.0
2.0
3.0
4.0
Contribution to UK and international development objectives
GFATM
GAVI
AsDB
WORLD BANK
IDB
EBRD
AFDB
IFAD
UNDP
ECHO
UNICEF
PIDG
IFC
WFP
EU
FAO
CIFs
UNFPA
UNITAID
ICRC
GFDRR
UN WOMEN
GEF
UNAIDS
OHCHR
CDB
UNPBF
UNHCR
GPE
WHO
UNOCHA
CERF
COMM SEC
IFRC
IOM
UNESCO
To note: UNFPA and WFP share a score and so their data points overlap.
Grouping legend
Development finance institutions and funds supporting private sector development
Global funds for health, education and climate change
Multilateral development banks using highly concessional and/or less concessional funds
Other
European Commission excluding humanitarian
Humanitarian organisations
UN organisations excluding humanitarian

BRIEFING PAPER
Number 7828
8 December 2016

About the Library

Disclaimer