



Aid Policy Research: Towards Stronger Japan-UK Linkages

Setting the Scene

Debbie Warrener

with Julius Court

August 2004

Overseas Development Institute
111 Westminster Bridge Road
London
SE1 7JD
UK

Contents

Abstract	iii
Acknowledgements	iii
Foreword	iv
Simon Maxwell, Director, Overseas Development Institute	
1. Introduction	1
Overview of the initiative	1
Rationale	1
Outputs	3
Structure of the paper	3
2. UK Context	4
Background on DFID	4
Research context	8
Other developments	9
The importance of 2005	10
3. Overview of core issues	12
Poverty Reduction Strategy Papers (PRSPs)	12
Aid modalities	14
Aid harmonisation	16
Drivers of Change (DoC)	18
4. Main Actors	19
(1) Academic Research Organisations, Think-Tanks and Consultancies	20
(2) Non-Governmental Organisations (NGOs)	31
(3) Other – Related Networks and Sources of Information	34
5. Conclusion	36
Bibliography	37
Annex 1: DFID's 2003-06 Public Service Agreement (PSA)	39
Annex 2: DFID Organisational Chart (August 2004)	41
Annex 3: Key DFID Policy Documents	43
Annex 4: Key reference documents on core issues	45
Annex 5: Institutions with development research capacity in UK & Ireland	47

Abstract

This paper forms the first part of a nine-month initiative reporting on aid policy issues of global importance and the ways in which they are being addressed in the UK. The aim is to stimulate exchange and debate between researchers working on these issues in Japan and the UK. The initiative focuses particularly on (i) PRSPs; (ii) aid modalities; and (iii) aid harmonisation. This first paper ‘sets the scene’ for later thematic papers, by providing background information on DFID, research in the UK, and other relevant developments, as well as an introduction to the three core issues and DFID’s current stance on them. The fourth section of the paper outlines the main institutions and organisations currently working on these issues.

PRSPs, changing aid modalities, and aid harmonisation and coordination are all closely inter-related issues. DFID supports them as part of a shift towards greater national ownership of poverty reduction, viewed as crucial for the achievement of the Millennium Development Goals (MDGs). They are all, however, relatively new innovations and questions remain as to their effectiveness. Deeper understanding of what DFID is doing and why can help Japan (and other donors) to develop an informed analysis of what the changes mean for them and for their approach.

Acknowledgements

The author is grateful for comments received on earlier drafts of the paper from John Roberts, Ruth Driscoll, Zaza Curran, Paulo de Renzio, all of ODI, and Andrew Roberts, DFID. They do not, however, bear responsibility for the views expressed in the paper.

Foreword

Japan and the UK together contribute over \$US 15 billion a year in aid, equivalent to very nearly a quarter of the global total. The power for good and the potential for change when these two work together is enormous. At the inter-governmental level, there is already a high level of collaboration – bilaterally, in the Development Assistance Committee of the OECD, and in other fora such as the UN and the Bretton Woods Institutions. Our mission here is to help ensure similar high levels of exchange and collaboration between the research communities in the two countries.

Why do that? The answer lies in the power of research to help transform the world. This happens not just by producing ideas, but by working systematically to make stronger links between research and policy. At ODI, we regard that as our core mission. We realise, however, that the links need to operate internationally and not just within our own borders. Many policy issues in international development – to do with aid, trade, debt and many other topics – require shared understanding internationally and collaborative decision-making. Researchers therefore need to work together across national boundaries. One model we can learn from is the airline alliance, which brings different companies together into a collaborative partnership, often involving code-sharing between different destinations. There is a high degree of trust involved and a commitment to shared objectives. We have adapted the idea to talk about ‘policy code-sharing’ with international partners. The initiative with our Japanese collaborators is intended to lay the foundation for policy code-sharing between the two countries.

The need for research involvement in policy is certainly pressing. Policy and practice in international development are changing fast. For example, Poverty Reduction Strategy Papers (PRSPs) seemed to emerge almost out of the blue in September 1999. New forms of programme funding such as direct budget support and sector wide approaches are being tested and now form over half of aid flows to some countries. These innovations are altering the relationships between donors and developing countries and have the potential to bring about much more effective development assistance.

Over the next few months, we will be reporting on the latest thinking and practice in aid policy in the UK and encouraging dialogue between UK and Japanese stakeholders on these issues. The attached paper provides an outline of the key policy issues that are emerging – including PRSPs, budget support, aid harmonisation and Drivers of Change. It also provides a sketch of the UK development community organizations currently working on these issues.

We hope this first paper will help stimulate debate in both our countries.

Simon Maxwell
Director, Overseas Development Institute

1. Introduction

Overview of the initiative

This paper forms the first part of a nine-month initiative to be carried out by the Overseas Development Institute (ODI).¹

The initiative consists of two parallel components. The first component involves monthly reporting on major issues of current concern in the global aid community and the ways in which they are being addressed by British researchers and the UK Department for International Development (DFID). The focus will be on three 'upstream' aid policy and management issues in particular:

1. The PRSP review and resultant 'second phase' PRSPs;
2. Aid modalities, particularly Direct Budget Support (DBS);
3. Aid transaction costs and moves towards aid harmonisation.

It is intended that future reports will cover other related issues of major importance to DFID within the current aid environment.

In the second component, the reports will be used to stimulate mutual exchange between researchers working on these issues in Japan and the UK. A network will focus on discussion of these pressing aid policy issues, sharing the latest research findings and developing 'policy code-sharing'² between the two countries.

Rationale

The aim of the initiative is to increase the linkages between researchers from Japan and the UK on aid policy issues of pressing concern. Both countries are major players in international development policy and substantial providers of development assistance. Japan, for example, is the second largest aid donor in the world and the UK is one of the most innovative and influential donors. The UK research community and DFID are key players in international development and have acquired a reputation in recent years for driving global change in development. Japan is also noteworthy for having aid policies that differ in approach from those of many other major aid agencies. For this reason it is often isolated and its policy choices misunderstood.

Both the UK and Japan also have different comparative advantages. Japan has long experience as a donor in Asia and a deep understanding of the Asian context and what works there. Their predominant focus has been on 'hard support', such as building transport and communications infrastructure and the construction of schools, hospitals and dams. The UK, on the other hand, has concentrated on Africa and South Asia, building up a considerable wealth of experience there. Both 'hard' and 'soft' support has been offered, although a preference for social sector support is

¹ Please contact Debbie Warrener (dwarrener@odi.org.uk) or Julius Court (jcourt@odi.org.uk) with any comments or questions on the initiative.

² Simon Maxwell argues that collaboration on policy-related research could benefit participants in a similar way to the advantages that arise when airlines form alliances. See: http://www.odi.org.uk/RAPID/Meetings/Evidence/Meeting_5.html

evident. Exchange of lessons learned from these experiences, with reference to the issues under consideration, underpins the initiative.

Japan and the UK both have substantial research capacity on issues relevant to international development. In Japan, for example, there are a number of think-tanks and 23 graduate schools focusing on international development.³ Another indication of the size of the research community in Japan is the fact that the main development network organisation, the Japan Society for International Development (JASID), with predominantly researchers as members, has 898 regular members and 272 student members. In the UK there are also a large number of institutes and centres specialising in international development. The electronic guide to research capacity maintained by the Development Studies Association (DSA) of the UK and Ireland lists over 50 such centres, with over 700 researchers⁴.

In both Japan and the UK, researchers in international development are very much involved in policy work, via public meetings, agency and parliamentary briefings, and dissemination through print materials and websites. The policies they work on are often international in scope and would benefit from collaboration. This is very much the case with the issues that form the focus of this study, as they all fall within an overriding framework of calls for increased harmonisation and coordination among donors. Through increased interaction between researchers and practitioners, greater mutual understanding of each others' approaches and relative strengths can be developed which can then serve as a basis for discussion on how best to work together in specific country contexts.

At present, however, few of the potential benefits are being reaped. A study completed earlier this year on how to increase interaction between development researchers in Japan and the UK (supported by the Daiwa Anglo-Japanese Foundation)⁵ found that: (i) current interactions between development researchers in Japan and the UK are rather limited, informal and *ad hoc*; (ii) there would be value in greater interaction; (iii) there is interest from both sides; and (iv) future initiatives should try to identify two or three topics of interest to the aid ministries and researchers. The current initiative builds on the conclusions of this initial scoping work, acknowledging that it would be beneficial to both sides to work closer together than is the case at present, especially in research and public debate.

Recent changes in the Japan International Cooperation Agency (JICA), one of the main agencies responsible for the implementation of Japanese ODA, have also contributed to increased interest in engagement with UK researchers at this time. On 1 October 2003 JICA became an 'independent administrative institution' with much more autonomy and flexibility than it previously had as a 'special public institution'. Although policy is at present still set by the Ministry of Foreign Affairs (MOFA), this

³ For a list of graduate schools offering development studies in Japan, see: <http://www.fasid.or.jp/english/link.html> Many more are also currently setting up programmes as recent changes in university funding are prompting organisations to respond more to popular demand for research and courses such as development studies.

⁴ See: <http://www.devstud.org.uk/researchguide/index.htm>

⁵ Julius Court with Debbie Warrenner, 2004, *Towards Stronger Japan-UK Research Linkages on International Development*, ODI. For a summary and full report, see: <http://www.odi.org.uk/RAPID/Projects/R0165/index.htm>

new era has brought significant change in management, with the appointment of the first non-MOFA President, Madame Sadako Ogata, former head of the UNHCR. Ms Ogata is keen to shift JICA's focus from Asia to Africa, where JICA has much less experience. The initiative therefore aims to contribute to bridging this gap in experience by tapping into lessons learned from the considerable experience of DFID staff and British researchers in Africa. Africa is also where most countries with PRSPs are located and where much of the debate on the issues to be discussed is focused.

On the UK side, DFID have recently begun actively taking a strategic approach to engagement with other donors, including Japan. A number of high-level visits by DFID staff to Japan have recently taken place and a workshop on aid effectiveness jointly supported by DFID and the Japanese Ministry of Foreign Affairs was held in October 2003 in Hanoi. There is also growing awareness among both researchers and non-government organisations in the UK of the potential of increased engagement with Japan. The current initiative therefore sits well with current wider trends in both the UK and Japan calling for closer interaction and cooperation.

Outputs

Each month a report will focus on one of the aid topics indicated above,⁶ presenting an in-depth analysis of current research in the UK and DFID's approach to the issue. The reports will be based on in-depth interviews, literature reviews and website surveys, and will include summaries of key papers.

The monthly reports will be used to stimulate mutual exchange between researchers working on these issues in Japan and the UK. Following an initial consultation on the most effective format for the researchers involved, it is proposed that regular email newsletters be sent to a core group of researchers working on these topics in both countries. The newsletter will highlight the reports and encourage feedback, input and comments. The wider community of researchers and practitioners in both countries will also be informed of the initiative and invited to participate. Bimonthly reports will summarise responses and feedback received, focusing particularly on Japanese input for the benefit of UK researchers.

Structure of the paper

The main body of the paper is divided into three sections. The first section sets out the UK context, providing background information on DFID, the research context and other developments. The second section provides an overview of the three core issues – PRSPs, aid modalities and aid harmonisation, including short sections on DFID's stance on them. This section will also briefly introduce DFID's recent 'Drivers for Change' initiative. The third section takes the form of a directory of the main organisations and teams working on the issues in the UK. These three sections are followed by a short conclusion.

⁶ The exception is that the first and last reports respectively will introduce and conclude the initiative.

2. UK Context

Background on DFID⁷

The entry into power in 1997 of the New Labour government marked a new era for overseas development aid in the UK. The former Overseas Development Administration (ODA) had been a sub-section of the Foreign and Commonwealth Office (FCO) and also subject in its aid allocations to the commercial considerations of British businesses. After May 1997, New Labour kept its manifesto promise by creating an independent, Cabinet-level ministry, united under an overriding aim of poverty reduction. Clare Short was appointed the first Secretary of State of this new ministry and it is widely accepted that it was her drive and vision that strongly contributed to raising the profile of development aid within the UK government.

A concise summary of the changes that occurred when the former ODA became DFID was set out in the retirement speech of John Vereker in 2002. Mr Vereker was Permanent Secretary to the ODA from 1994 and he remained in this position as the organisation became DFID, overseeing the first five years of the new organisation. He was consequently in a unique position to witness the changes. In his speech he summarised three key shifts that had occurred: 'the strategic transformation, encapsulated as the shift from Aid to Development; the institutional transformation, from an Agency to a Department; and the transformation in the expectations of our political leaders, which I would summarise as being from Administration to Delivery' (Vereker, 2002).

Aid to Development

Instead of focusing simply on spending the aid budget and associating recognition with visible projects, DFID, under Clare Short's leadership, became much more concerned with the impact of aid and the promotion of growth, development and poverty reduction. As a result, DFID strengthened its in-house capacity for analysis and policy-making, and made considerable contributions to global debates on donor policy and practice. The momentum continues under the leadership of Hillary Benn, the new minister for international development.

DFID sees itself as having two roles in the promotion of development. The first of these is to promote effective and efficient spending of its own aid budget; alongside this, the second role shows an acceptance of the reality that DFID can increase its impact on poverty reduction by engaging effectively with other donor agencies and informing and influencing their practices. Among the bilateral agencies, DFID engages most closely with the so-called 'like-minded' agencies, whose approaches are mainly poverty-focused and policy-intensive, employing, to varying degrees, non-project modalities. This group is somewhat flexible but it tends to include the Dutch, Swedish, Danish, Norwegians, Finns, Germans and potentially the Canadians and Irish (Conway, 2003).

⁷ This section draws on Vereker (2002), Conway (2003) and Morrissey (2002). Tim Conway's paper was prepared for a Japanese audience.

Agency to Department

Although Clare Short provided driven leadership to the new department, such that many people came to associate DFID with her, the new department also benefited from high-level support from Prime Minister Tony Blair and Chancellor Gordon Brown, both of whom strongly adhere to its overriding goal of poverty reduction. The most concrete manifestation of this is reflected in the year-on-year increases in DFID's funding allocation from the Treasury (see below). With Cabinet-level representation, DFID's mandate is to promote the development agenda across Whitehall. The 1997 White Paper, for example, stated that 'We shall ensure that the full range of Government policies affecting developing countries, including environment, trade, investment and agricultural policies, take account of our sustainable development objective' (quoted in Conway, 2003). DFID has been given both the right and responsibility to work with other departments, addressing inconsistencies between department policies where they have impact on the aid agenda. DFID therefore plays an active role in trade policy deliberations alongside the Department of Trade and Industry (DTI) and stands up for the poverty reduction agenda in the face of the foreign policy concerns of the Foreign and Commonwealth Office (FCO). DFID's strength and autonomy has further proved itself in an increase in the number of overseas offices, accompanied by devolution in decision-making power through a process of decentralisation.

Administration to Delivery

This more technocratic change is part of the overall results-oriented approach of the New Labour government. Schools, universities and hospitals in the UK, for example, now have set targets to report against; their performance is published regularly in league tables. This new way of operating is manifested most clearly in DFID in the Public Service Agreements (PSA) that are agreed with the Treasury every two years. These documents set out what DFID must deliver in return for the share of the budget allocated at the Spending Review. DFID is currently reporting progress against the targets set in the July 2002 Spending Review, which covers the period 2003/04 to 2005/06 (see Annex 1). This document and the accompanying Service Delivery Agreement (SDA) are key tools within DFID for translating the policy goals set out in the two White Papers of 1997 and 2000 into concrete actions.

Untying aid

Although only formed in May 1997, DFID quickly published its first White Paper, 'Eliminating World Poverty: a challenge for the 21st century', in November 1997. This set out clear objectives and policies for the new department under the overarching objective of poverty reduction. Aid was to be guided solely by the interests of the poor and UK national self-interest was not to distract policy-makers from this aim. At this stage, however, unilateral untying of aid was not proposed. It was the second White Paper, 'Eliminating World Poverty: making globalisation work for the poor', published in 2000, which announced the government's dramatic intention to untie all aid with effect from April 2001. This has since gone through as planned and has been consolidated by the passing of the International Development Act in July 2002: this now makes it illegal for British aid to be used for any purpose other than the reduction of poverty. The act formally enshrines poverty reduction as DFID's main purpose and will make it difficult for future changes in government to alter this.

Level and allocation of aid

High-level government support for DFID's mission has meant that DFID's budget has steadily increased since 1997. Table 1 below shows the year-on-year increase in expenditure as set out in the latest edition of the annual DFID publication, 'Statistics on International Development'. As can be seen, the multilateral allocation is high, averaging about 45% over this time period. The two channels are increasingly seen as part of a continuum; both channels can and should contribute to poverty reduction, rather than work as fundamentally different instruments. It is also noteworthy that UK bilateral aid has been in grant form for a long time.

Table 1: DFID Programmes: 1997/98 – 2002/03 (constant 2002/03 prices, £ million)

	1997 / 98	1998 / 99	1999 / 00	2000 / 01	2001 / 02	2002 / 03
Bilateral	1 185	1 284	1 433	1 499	1 576	1 813
Multilateral	1 088	1 253	1 270	1 357	1 339	1 409
Administration Costs	69	72	81	90	88	90
Total DFID Programmes	2 342	2 610	2 783	2 946	3 002⁸	3 313

Source: DFID (2003)

UK bilateral aid has long had a low income country focus due to its colonial past and Commonwealth connections⁹. With overall spending increases, UK aid to Africa doubled in (nominal) value terms between 1997 and 2001 (Morrissey, 2002). Half of DFID's bilateral aid now goes to sub-Saharan Africa. But, as Table 2 shows, regional percentage allocations have remained relatively consistent. If anything, there seems to be an increase in the proportion of aid going to Asia in recent years.

Table 2: DFID bilateral aid by region, %

Region	1998/99	1999/00	2000/01	2001/02	2002/03
Africa	47	45	53	46	50
America (s)	12	9	8	8	7
Asia	33	29	29	39	37
Europe	9	17	9	8	6
Pacific	1	0	0	0	0

Source: DFID (2003)

DFID does not operate a formal list of priority countries but it can be seen from Table 3 that the top recipients remain fairly consistent, with India maintaining the top position. This reflects DFID's commitment to focusing on countries with either a high percentage or a high absolute number of very poor and, to a certain extent, 'good' policy environments; colonial historical ties also play a role within this though.

⁸ Total DFID expenditure is understated by about £140 million in 2001/02 owing to the move to resource accounting.

⁹ In addition, DFID has made a policy commitment that 90% of the total bilateral aid programme will go to low-income countries by 2005/06 (see Target 5, Public Service Agreement, Annex 1).

Table 3: Top five recipients of DFID bilateral aid

2000/01		2001/02		2002/03	
Country	£ million	Country	£ million	Country	£ million
India	117	India	185	India	161
Uganda	86	Uganda	68	Tanzania	96
Ghana	73	Tanzania	65	Bangladesh	77
Bangladesh	73	Bangladesh	62	Afghanistan	75
Tanzania	69	Ghana	55	Ghana	56

Source: DFID (2003)

The importance of the Millennium Development Goals (MDGs)

The current overarching framework for DFID is clearly stated on the homepage of DFID's new website. Here, next to a photograph of current Secretary of State, Hillary Benn, is clearly stated: 'Our main objective is to contribute to the achievement of the Millennium Development Goals and the elimination of world poverty'¹⁰. The Millennium Development Goals (MDGs), adopted by 189 nations at the UN General Assembly in September 2000, form an unprecedented attempt to build global consensus on the aim of aid activities. At least one measurable target has been set per goal, with the aim being that the eight goals are achieved by 2015. Although there has been some criticism of focusing too closely on the MDGs, the clarity of the goals, the challenge of the timeframe, and the opportunity the consensus provides has led DFID to adopt them as the basis for their strategic objectives and management systems. The clear framework fits well with the UK government's results-based management approach and the change from a focus on 'inputs' to 'outputs' (mentioned above).

All of DFID's activities are therefore explicitly considered in relation to the goals. For example, DFID's Public Service Agreement (see Annex 1) is closely aligned with the MDGs. John Vereker emphasised the benefit of this 'single uncluttered purpose': according to him, it has increased DFID's ability to 'develop effective policies and motivate its staff' (Vereker, 2002). The importance of the goals also explains DFID's commitment to engagement with other donor and multilateral organisations as an integral part of its work as there is acknowledgement that the MDGs cannot be achieved by DFID's efforts alone and will only be reached through global coordination and cooperation. With a large share of UK aid going through multilateral organisations, DFID actively tries to promote reforms and influence policy within them. Approaches to the main multilateral development organisations are set out in Institutional Strategy Papers (ISPs), produced approximately every three years¹¹.

A policy-rich organisation

DFID has developed as a highly 'policy-rich' organisation, investing a lot of staff time and money on analysing what its focus should be and why, and setting this down on paper. This is characterised by innovative approaches developed through the commissioning of policy-oriented research to inform evidence-based policy-making¹². The approach benefits from the close networks between policy-makers in DFID and

¹⁰ See: <http://www2.dfid.gov.uk/>

¹¹ Twelve are currently available on the website.

¹² DFID's shift in thinking on aid modalities, for example, can be seen to be closely aligned with work commissioned at the DFID-funded Centre for Aid and Public Expenditure (CAPE) within the Overseas Development Institute (ODI) and Oxford Policy Management (OPM).

researchers in university departments, think-tanks, consultancies, and NGO policy research units. In fact, many individuals spend time working in DFID as well as in a variety of other research organisations during their career. This flexibility in career structures contributes to an overall coherence in thinking between policy thinkers and researchers and helps to ensure that all are speaking a common language on the terms of the debate.

As part of its strong commitment to transparency, almost all of DFID's policy output, in the form of a 'cascade of strategy papers'¹³ (Conway, 2003), is publicly available on the website. Annual Departmental Reports, available both in hard copy and on the website, also clearly set out bilateral and multilateral policies and achievements for consumption by a wider audience. It is also interesting to note here that DFID has an active Evaluation Department and that emphasis has shifted from project retrospectives to programme evaluation and aid effectiveness studies.

Relations between London and country offices

The gap between policy and implementation is well known; it is exacerbated within development agencies by the geographical separation between the policy-making centre and far-flung country offices. Conway reports that overseas staff often do not have time to read the plethora of policy documents that DFID has issued over the past seven years, and may find them unrelated to the realities on the ground where country offices focus on making and implementing country policy. He contends, therefore, that the resignation of Clare Short from her position as Secretary of State in May 2003, although felt by many to be a loss to DFID and the wider development community, could serve as an opportunity for DFID to consolidate gains made so far. Initial signs show this to be true, as closer examination of the leaps already made in policy innovation is opening up space within the organisation for the building of coherence.

Research context

DFID recently brought all its research capacity, previously managed in sector programmes, together under a new Central Research Department (CRD). This new department has a budget of approximately £80 million per annum, with plans to increase this to at least £100 million in 2006/7. Four research priorities are set out in the Research Funding Framework, published in May 2004:

1. Agricultural productivity in Africa;
2. Killer diseases;
3. States that work in the interests of the poor;
4. Climate change.

A clear shift towards funding research that has policy relevance is visible, alongside an emphasis on the need for better understanding of the connection between research and policy. As well as funding individual research projects and programmes, DFID also funds many Development Research Centres. These are consortia, each led by a single institution, that work for five years on a single topic. Examples are the Centre for the Future State, based at the Institute of Development

¹³ Apart from the PSA and White Papers, there are 'Target Strategy Papers', 'Institutional Strategy Papers' and 'Country Strategy Papers'. (See Annex 3 for more details.)

Studies (IDS) in Sussex and the Chronic Poverty Research Centre (CPRC) based at Manchester University.

The development studies sector in the UK is among the world's most vibrant and has been growing in recent years, with over 80 research institutes and university departments or centres specialising in international development. There is also a substantial development research capacity in many NGOs. The Development Studies Association (DSA) of the UK now has over 800 members, made up of individuals and institutions from the academic and NGO sectors. Specific institutes and organisations that focus on the aid policy issues of interest here are outlined later.

There have been interesting changes in funding and assessment of research on international development. The Economic and Social Research Council (ESRC) is giving increasing emphasis to development issues, with an emphasis on multi-disciplinarity and cross-cutting work. The next round of the Research Assessment Exercise (RAE) – the mechanism used by the Higher Education Funding Council for England (HEFCE) to assess the performance of research staff in higher education in the UK – will see assessment through a specific sub-panel on Development Studies for the first time. During the last round, Development Studies university staff were assessed under a Geography sub-panel.

A further positive development is the creation of new research dissemination channels. The Eldis (www.eldis.org) and id21 (www.id21.org) research reporting services are both widely used and highly regarded. Both services receive partial funding from DFID and are hosted by the Institute of Development Studies (IDS) in Sussex.

Other developments

International Finance Facility (IFF)

In January 2003, the Treasury and DFID jointly launched a proposal for an International Finance Facility (IFF), aimed at providing an additional \$50 billion of development assistance per year between now and 2015. The initiative stems from the government's high level commitment to the MDGs and the realisation that they will not be achieved without a significant increase in resources provided to developing countries. The UK Treasury's International Poverty Reduction Team is currently driving the development of the scheme under strong leadership from the Chancellor, Gordon Brown, who is personally highly committed to the achievement of the MDGs.

The idea of the IFF is to 'frontload' aid by leveraging funds from the international capital markets through issuing bonds based on legally-binding donor commitments. The extra resources will be pooled in the IFF, and then channelled through existing aid agencies. The aim is not to establish a vast new aid dispersal infrastructure but to increase the volume and predictability of resources transferred to developing countries through existing channels. Allocation of funds will be overseen by a board made up of representatives from participating countries. Although some governments are concerned about making such a long-term commitment in the face of present

economic difficulties, the Treasury argues that the 'frontloading' of resources now will reduce the need for further spending at a later date. The Treasury hopes to launch the scheme even without widespread support in the hope that donors will be persuaded of its benefits once they see it up and running. At present the scheme has been endorsed by France and some of the Nordic countries, with strong support also shown by a number of developing countries.

Spending Review

At the Treasury's most recent Spending Review, announced on 12 July 2004, DFID's budget once again received a boost, with the announcement that it will receive more than £5.3 billion a year by 2007/08, up from £3.8 billion today. These figures will bring the total ODA portion of GNI from a level of 0.26 percent inherited by the current government in 1997 to 0.39 percent next year, 0.42 percent in 2006-7, to reach 0.47 percent in 2007/08. Gordon Brown intends to maintain this rate of growth, which means the UK is on track to meet the 0.7 percent of GNI target set by the UN by 2013. If the proposed IFF mechanism is included in OECD/DAC ODA calculations, however, it is estimated that the target could be achieved as early as 2008/09.

Despite steady and welcome yearly budget increases, the onus is on DFID to employ these resources as efficiently as possible by increasing the effectiveness of aid. Staff cuts are expected alongside moves to more effective procurement. An increasing workload and reduced staff numbers is therefore a strong factor in DFID's emphasis on partnership with developing countries and its shift from management-intensive projects to broader programme-based aid modalities.

Commission for Africa

The Commission for Africa was launched by Prime Minister Tony Blair in February 2004. Made up of 17 Commissioners, nine of whom are African, the Commission aims to take a fresh look at Africa's past and present and the international community's role, in order to agree clear recommendations for the future. All Commissioners are working in an independent capacity, supported by a small Secretariat based in London. Key to the process is wide stakeholder consultation, both in Africa and throughout the G8 countries. It is intended that such consultation will not just be limited to those already working for development organisations but will engage wider society in an attempt to generate fresh input. The Commission's work is divided into six principle thematic areas: the economy; natural resources; governance; peace and security; human development; and culture and participation. Work formally began in May 2004; the Commission is scheduled to report to the UK government in spring 2005.

The importance of 2005

2005 is a very important year for the UK: it will hold both the Presidency of the G8 and the Chair of the European Union. Tony Blair is keen to make African development a priority focus of both roles; consequently, DFID and the wider development community in the UK are currently gearing up to capitalise on the opportunity the high-level attention will provide. Both the IFF proposal and the Africa Commission are key components of the UK government's contribution to the roles.

The recommendations of the Africa Commission, for example, will directly feed into the G8 Summit to be held in Scotland in the summer. 2005 is also of great significance for the global development community as the first five-year review of progress towards the MDGs will be undertaken. As many goals are unlikely to be met at current rates of progress, DFID and the Treasury intend to use the Presidency and Chairmanship to put forward the case for the IFF within both the G8 and the EU.

This is therefore a busy time for DFID and development aid in the UK. The overriding framework of the MDGs provides urgency, while a constant push for excellence is funding research and driving innovation towards new donor development policy worldwide. DFID has influenced change within the international development community during the past seven years and the UK government sees 2005 as a window of opportunity to further influence high-level change. It is therefore important for Japan (and other donors) to understand what the UK is trying to achieve and why, in order to establish what the changes might mean for them and for their approach.

3. Overview of core issues

This section provides an overview of the three core issues: PRSPs; aid modalities; and aid harmonisation. Each overview is divided into two subsections: background information and a brief outline of DFID's current stance. Although the three issues are interconnected, each is covered separately. The section ends with an introduction to DFID's 'Drivers for Change' initiative.

Poverty Reduction Strategy Papers (PRSPs)

Background¹⁴

Poverty Reduction Strategy Papers (PRSPs) emerged in 1999, when they were introduced as frameworks to ensure the proper use of the debt relief provided under HIPC. Despite their initial connection with debt relief, however, they soon came to be seen, particularly by the IMF and World Bank, to have the potential to provide an overarching framework for all aid provided to eligible countries. Their widespread adoption was then further encouraged when the World Bank and IMF respectively adopted complementary financing instruments in the form of Poverty Reduction Support Credits (PRSCs) and the Poverty Reduction and Growth Facility (PRGF).

A PRSP is a document which sets out an analysis of poverty in a country alongside a national strategy outlining how the government intends to address it. According to the World Bank and the IMF, the PRSP is to be based on the following six core principles:

- *Results-oriented*, including tangible and measurable targets for poverty reduction;
- *Comprehensive*, covering all macroeconomic, structural, sectoral and social factors that affect poverty;
- *Country-driven*, representing a national consensus on what needs to be done;
- *Participatory*, based on dialogue with all relevant stakeholders as part of both the formulation and implementation processes;
- *Partnership-based*, between the government and other relevant actors;
- *Long-term*, with a focus on institutional reform and capacity-building rather than simply short-term goals.

The PRSP, therefore, although not often explicitly aligned with MDG commitments, similarly focuses on poverty reduction and its operationalisation within a nationally owned results-oriented framework. Key is the shift in focus from implementation of specific policies to recipient government processes, through the emphasis on 'ownership' and the requirement that governments themselves set their own strategies. In this way, the development of PRSPs was part of the new thinking influenced by the 1997 study by Burnside and Dollar which led the World Bank to conclude that aid was only effective in good policy environments (Foster, 2003). PRSPs also aim to foster ownership throughout government and wider society via their emphasis on participation and stakeholder dialogue. The ambition is to build government capacities, raise the profile of poverty reduction, and forge new relationships of accountability and transparency both within and outside government.

¹⁴ This section draws on Booth (2003), Christiansen (2003) and Foster et al (2002).

Forty countries have now presented full PRSPs to the World Bank and IMF¹⁵, with at least five¹⁶ currently working on second-generation documents. There is tension, however, between the World Bank/IMF conditionality still closely related to the PRSPs (including the need for 'Joint Staff Assessments' (JSA) – review of the viability of the submitted PRSP by staff from both organisations) and the aim of increasing ownership. Five years of experience has led to recent progress reviews, such as those carried out by the World Bank and IMF, and the seven-country study led by David Booth of the Overseas Development Institute (ODI). Conclusions indicate that some progress has been made in opening up spaces for dialogue with wider society and in raising the profile of poverty reduction as a policy issue. Much falls short of the expectations of the approach, however. Overall, PRSPs are still in their early stages, with their effectiveness remaining unclear. Many of the changes PRSPs aim to achieve are unlikely to happen quickly and progress is difficult to monitor. Current research aims to inform the development of second-generation PRSPs so that they can better fulfil their potential alongside considering how the implementation process can be best supported.

DFID's approach¹⁷

The UK was an active supporter of the previous framework for IMF / World Bank lending, Structural Adjustment Programmes (SAPs). From the mid-1990s, however, it sought to inject a poverty focus into this approach. Building on this, DFID then played an important role as advocate of many of the ideas that finally culminated in the PRSP initiative. For example, staff within DFID highlighted the connection of debt relief to a programme of poverty reduction which is viewed as an important step in the development of the PRSP initiative (Christiansen, 2003). Having played a part in its development, DFID welcomed the new instrument.

The most local level of operationalisation of DFID's Public Service Agreement (PSA) was, until recently, the Country Strategy Paper (CSP). These documents set out how DFID aimed to contribute to meeting the MDGs in specific countries. With increasing numbers of countries developing PRSPs, however, CSPs were replaced in 2002 by shorter Country Assistance Papers (CAPs), which set out a concise 'business plan' on how DFID will support the country's own poverty strategy. Where there is as yet no viable PRSP, the CAP will outline actions for engagement with the local government and investment through non-governmental organisations. The CAP also reports on progress towards the MDGs, illustrating the strengths or weaknesses of the local data collection systems.

There is considerable unevenness in the development of PRSPs across countries and regions, however, which means that in reality some offices have yet to engage with the process. It is also the case that PRSPs have been predominantly developed in Africa: DFID acknowledges that the principles may have to be applied differently in Asia. A recent survey on DFID's engagement with PRSPs reports that in many countries the PRSP remains in its early stages, so DFID's policy of engagement and support has yet to see implementation in any realistic manner (ODI, 2002). DFID's stance is also dependent upon the local government's degree of engagement and

¹⁵ World Bank data, 30 June 2004.

¹⁶ Bolivia, Burkina Faso, Nicaragua, Tanzania and Uganda.

¹⁷ This section draws on ODI (2002), DFID (2002), Conway (2003) and Christiansen (2003).

commitment to the process. Where PRSP processes are going well, however, DFID is clearly making this the priority for their engagement.

Aid modalities

*Background*¹⁸

The five years since the introduction of the PRSP initiative have seen considerable and increasing debate on aid effectiveness. In particular, PRSPs present a challenge to donors as well as recipient governments, as the new framework suggests that donor roles must change to one of alignment with the government-led strategy rather than taking the lead role themselves. More specifically, within the PRSP process the focus is on how aid can better support government capacity-building. Previous criticism of project-based approaches and policy-focused aid conditionality have led donors to increasingly look at either directly supporting the government budget or supporting improvements to those systems. Reducing aid transaction costs by shifting from predominantly project-based aid to more programmatic support such as sector-wide approaches (SWAs) and general budget support (GBS)¹⁹ has gained a lot of attention in recent years as a way of reducing the burden on governments and preventing the undermining of government capacities through building parallel structures. GBS in particular is seen as having the potential to build government capacities to decide and implement policies for themselves, and is therefore seen as highly complementary to PRSPs by its supporters.

Although the debate often seems polarised into projects versus programmes, it is important to note that there is in reality a wide array of modalities with different characteristics. A summary of the main forms and their features is set out in Table 4 below. Although PRSP-related GBS is fairly new, programme aid in the form of debt relief, food aid, balance of payments support, and previous forms of budgetary support is also far from a recent development.

Table 4: Characteristics of main aid forms

Modality	Conditionality	Earmarking	Accountability
Balance of payments support	Macro	None	None
Aid-financed debt relief	Macro and Budget	Usually none	Government Systems
General budgetary support	Macro and Budget	None or nominal	Government Systems
Sector budget support	Sectoral	On-budget to sector	Government Systems
Sector earmarked	Sectoral	Off-budget within sector – usually basket funding	Blend of government and donor systems
Projects using govt systems	(Sector and) project	Project	Blend of government and donor systems
Projects using parallel systems	Limited: low government ownership	Total	Donor

Source: ODI (2003)

¹⁸ This section draws on Booth (2004), Foster (2003) and Killick (2004).

¹⁹ Both SWAs and GBS are included in the term, Direct Budget Support (DBS). Although GBS is viewed as the ideal aid counterpart to PRSPs, much discussion on aid modalities such as Killick (2004) and DFID (2004b) (see overleaf) lumps them both together, under 'DBS', as experience with GBS remains limited.

Despite strong arguments in favour of GBS as the natural aid counterpart to the PRSP, such as the empowerment of governments in relation to donors and the improved predictability in aid flows, it is nevertheless the case that its benefits are still unconfirmed. Killick (2004) argues that the evidence available does not necessarily indicate that DBS has lower transaction costs than project approaches. His analysis does not cover 'transition costs', however, i.e. the fact that although DBS may be costly to establish, due to inertia within the current system, once established running costs may be lower than project approaches. Recent analysis carried out on behalf of DFID by ODI and OPM also revealed that the benefits of GBS are far from automatic. The issues are highly complex and interwoven with many intermediary issues, such as the capacity of the government to implement DBS and inconsistency in approaches between donors. A large research field looking in detail at Public Expenditure Management (PEM) in developing countries therefore closely complements discussions of DBS. New research strands in this area are examining how 'good donorship' interacts with questions of effective aid modalities, and what 'pro-poor public expenditure' actually looks like.

DFID's approach²⁰

In the UK, bilateral programme assistance has been in use since the 1960s, receiving particular attention during the 1980s as a means of supporting structural adjustment and achieving fast disbursement. Despite this, project aid dominated and it was not until the early 1990s that strong critiques of project assistance began to emerge. At this time, senior Overseas Development Administration officials such as Mick Foster, began to explore alternatives to project-based aid as a result of concerns arising about the creation of 'islands of excellence' within a sea of government incompetence and deeper concerns that parallel structures were undermining recipient government capacities (Conway, 2003). Since 1997 the shift to alternative aid modalities has become much more explicit within DFID with the development of innovative instruments focusing on public expenditure management and policy debate.

DFID views public expenditure management as a crucial factor in achieving the MDGs. As such spending is managed through government budgets, this provides a strong case for providing aid directly to the budgets. It is argued that this will then result in a two-fold benefit – increased resources for spending on achieving the MDGs, and increased effectiveness in the way budgeting is carried out through the accompanying capacity-building.

DFID's current levels of DBS, or 'Poverty Reduction Budget Support' as DFID prefers to term it, are set out in Table 5 below.

²⁰ This section draws on Conway (2003) and DFID (2004b).

Table 5: Poverty Reduction Budget Support by Region 2000/01 – 2002/03 (£ million)

Region	Countries	Total amount ²¹ 2000 / 01 – 2002 / 03
Africa	Ethiopia, Ghana, Kenya, Malawi, Mozambique, Rwanda, Sierra Leone, St. Helena, Tanzania, Uganda, Zambia	559.0
Asia	Afghanistan, East Timor, India, Pakistan, Vietnam	145.7
South America & Caribbean	Bolivia, Montserrat	28.5
Europe	Macedonia, Serbia	13.4
Total		746.6

Source: DFID (2004b) (DBS policy paper)

Overall project approaches do continue to dominate, however, although this may be more due to recipient capacity issues than unwillingness on DFID's side. There is evidence, though, that there has been conflict within DFID concerning the applicability of budget support to some countries and regions, most notably Asia (Conway, 2003). Clare Short's strong advocacy of DBS has been followed by a more cautious approach. DFID's recent policy paper on DBS, for example, concludes with the recommendation that use of DBS must be based on 'a careful assessment of country circumstances (including political and institutional analysis) and the nature of our relationship with the partner country'. DFID is aware that experience with this instrument is still at an early stage, and that much more evidence-based analysis is needed on its effectiveness, especially its impact on the poorest. However, for the time being a strong case remains, in the face of difficulties with project approaches and widespread agreement on the need for government capacity-building.

Aid harmonisation

*Background*²²

The debate on effective aid giving and alignment with PRSPs not only includes the aid modality issues of individual donors but must also address the related issue of the need for increased donor harmonisation and coordination. The two are closely inter-related and ideally go hand-in-hand, as a lack of coordination and inconsistency in the application of different aid modalities will undermine the efforts of any one agency to improve effectiveness. Foster (2003) also argues that where government planning and budget processes are weak and donors are unwilling to change aid modality, coordination between governments and donors, and harmonisation and simplification of donor procedures, can still make a considerable difference to aid effectiveness. The current burden on recipients is illustrated by Acharya et al. (2004) with the example of Vietnam, where aid levels make up about five percent of GDP. In 2002, 25 bilateral donors, 19 multilateral donors and about 350 NGOs funded over

²¹ Current DFID statistical reporting methods mean that this figure is likely to include some sector support and/or balance of payments support in forms which are not strictly Poverty Reduction Budget Support. Reporting procedures are currently being amended so that future results will be clearer on this.

²² This section draws on Foster (2003), Acharya et al. (2004) and DFID website.

8,000 projects – working out at about one project per 9,000 Vietnamese. As a result of this plethora of projects, senior officials must spend a great deal of time receiving missions and civil servants must adhere to myriad reporting procedures, losing valuable staff time and capacity.

Arguments for increased harmonisation are therefore similar to those for shifts to more programmatic forms of aid. The main aims are to: (i) minimise the burden on partner countries; (ii) reflect specific country situations with harmonisation round recipient government systems; and (iii) focus on capacity-building (speech by Clare Short, 2003, DFID website). There is widespread consensus on the need for something to be done. Paragraph 43 of the Monterrey Consensus adopted in March 2002, for example, specifically called on donors to ‘harmonize their operational procedures at the highest standards so as to reduce transaction costs and make ODA disbursements and delivery more flexible, taking into account national development needs and objectives under the ownership of the recipient country’.

Since 2000, the Multilateral Development Banks and the OECD/DAC have been working together to analyse how aid effectiveness can be increased by simplifying and harmonising donor practices. This process culminated in the Rome High-Level Forum on Harmonisation held in February 2003, which launched good practice principles on harmonisation and adopted the Rome Declaration on Harmonisation. The Second High-Level Forum on Harmonisation and Alignment for Aid Effectiveness will be held in Paris in 2005. Alongside moves towards harmonisation and coordination, there is also a need to reduce the number of donors per country. Foster (2003) cites India’s recent decision to reduce its number of donors in order to minimise transaction costs as an ‘interesting and unprecedented example’. Such a government-driven approach is in fact what PRSPs, changing aid modalities, and increasing harmonisation and coordination are all aiming for.

*DFID’s approach*²³

DFID launched its ‘Action Plan to Promote Harmonisation’ in February 2003. Within this, it set out its commitment to adopting the principles and good practices set out in the DAC’s 2003 Guidelines on Harmonising Donor Practices for Effective Aid Delivery. Actions to be taken included a review of internal procedures and training to ensure that these were consistent with the Guidelines, and a commitment to monitoring performance. Alongside this, DFID is working to promote the principles within other bilateral and multilateral organisations. One interesting follow-up action to the Rome conference in light of the present initiative was a high-level workshop on aid effectiveness which took place in Vietnam in October 2003, co-sponsored by DFID and the Japanese Ministry of Foreign Affairs (MOFA). DFID is also co-chairing a government-donor group on aid effectiveness to improve aid delivery throughout Vietnam.

DFID is firmly committed to the principles of harmonisation as they underpin the move to increased government ownership. Seen in relation to discussions on modalities, ODI (2003) suggests that the best way forward is to adopt an evolutionary approach whereby ‘blends’ of activities evolve towards all donors coordinating in GBS. This approach allows donors to gradually ‘upgrade’ aid modalities within a

²³ This section draws on DFID (2004a) and DFID website.

framework of coordination and harmonisation, as these are a less controversial, although not necessarily less complex, way of reducing transaction costs.

Drivers of Change (DoC)²⁴

PRSP processes, shifts to government-focused aid modalities, and moves to government-driven donor coordination are all far from simply technocratic changes, however. Ongoing research is therefore focusing on how political contexts and processes interact with these changes. Within DFID, the recently adopted term 'Drivers of Change' (DoC) refers to this need to understand the political realm in order to affect change.²⁵

The term is also the name of a team within DFID's Policy and International Division, currently headed by Ann Freckleton. The team's aim is to enhance DFID's understanding of how change occurs and the relationship between change and poverty reduction. By enhancing understanding of country-level political contexts, DFID aims to develop strategies for effectively engaging in countries where PRSP processes do not exist or where political systems suffer from chronically low capacity. Following an initial nine-month programme of research, the DoC approach aims to offer guidance and support to country offices on how to 'unpack' the common problem of 'lack of political will'. The DoC approach is not limited to DFID, though, as DFID is also working with the OECD's DAC GovNet on piloting DoC with other bilateral donors. It will also collaborate with the World Bank in investigating change drivers in specific country contexts. Detailed DoC-related research studies have been carried out so far in Bangladesh (Duncan et al. 2002), Zambia (Farrington and Saasa, 2002) and Ghana (Booth, 2004, unpublished), among others. This approach and related work therefore form an important part of DFID's engagement with the three core issues that form the focus of this initiative.

²⁴ This section draws on DFID website and Unsworth (2001).

²⁵ This is one of a number of complementary research fields to the issues. Considerable intellectual input has also been provided by economists working on pro-poor growth, and public expenditure management and monitoring and evaluation experts.

4. Main Actors

This section outlines the key organisations²⁶ working on the issues that constitute the focus of this study²⁷. As there is considerable overlap between people working in these areas, separate sections according to topic are not set out. The researchers and teams working on these issues in the UK liaise closely with researchers and practitioners within DFID and internationally, in the World Bank and IMF as well as with numerous similar organisations overseas. For this reason, although this section predominantly focuses on activities in the UK, it must be remembered that there is considerable fluidity and movement both among British organisations and between the UK and overseas, with many individuals regularly changing posts, spending time on secondment in other organisations, or jointly holding posts in more than one institution.

This section is divided into three parts:

1. Academic research organisations, think-tanks and consultancies;
2. Non-governmental organisations (NGOs);
3. Other related networks and sources of information.

Organisations within the first section are placed in approximate order of the volume of relevant work they undertake on the issues²⁸. Those within the second two sections are set out in alphabetical order. Descriptions of organisations have been taken from the websites.

²⁶ These organisations were chosen by searching under keywords related to the core issues, using the search facility on the Development Studies Association (DSA) Guide to Development Research Capacity in the UK and Ireland (www.devstud.org.uk/researchguide/index.htm) We apologise for omissions and welcome notice of work or programmes that you wish to see included.

²⁷ For a comprehensive overview of development research organisations in the UK see the Development Studies Association (DSA) Guide to Development Research Capacity in the UK and Ireland: www.devstud.org.uk/researchguide/index.htm. A full list of organisations is set out in Annex 5.

²⁸ This is inevitably a subjective judgement. Order and size of listings are based on the extent of coverage of the core issues on organisation websites.

(1) Academic Research Organisations, Think-Tanks and Consultancies

- **Overseas Development Institute (ODI)**

<http://www.odi.org.uk/>

The Overseas Development Institute (ODI) is Britain's leading independent think-tank on international development and humanitarian issues. Employing about 100 staff, of whom about 60 are researchers, ODI carries out a wide variety of work predominantly on behalf of DFID, other multilateral and bilateral agencies and NGO agencies. ODI is currently shifting from being a purely research-led organisation to one more closely engaged with the policy-making process, a change which has arisen from a growing awareness of the need to address the gap between evidence produced through research and decisions made by policy-makers.

There are four core research groups within ODI: the Poverty and Public Policy Group (PPPG); the International Economic Development Group (IEDG); the Rural Policy and Governance Group (RPGG) and; the Humanitarian Policy Group (HPG). PPPG carries out the bulk of work in the areas of interest for this initiative, although IEDG and recently RPGG are also doing some relevant work.

- *Poverty and Public Policy Group (PPPG)*

<http://www.odi.org.uk/PPPG/index.html>

This group was established in 2000 and focuses on all aspects of public policy for poverty reduction. Its work can be divided into two main areas:

1. 'Upstream' policy and management issues of *pro-poor policy reforms* in developing countries, and the implications for external finance, including development aid and corporate investment;
2. 'Downstream' issues of poverty with analysis of international, national and local dimensions of *inequality, chronic poverty and social exclusion*.

PPPG is headed by David Booth.

Two focused specialist units of particular relevance to this study are based within PPPG. These are the Centre for Aid and Public Expenditure (CAPE) and the PRSP Monitoring and Synthesis Project.

- *Centre for Aid and Public Expenditure (CAPE)*

<http://www.odi.org.uk/pppg/cape/index.html>

CAPE was established in 1999 with DFID core funding for three years. Its purpose was to raise the effectiveness with which donor support to government budgets contributes to sustained poverty reduction in developing countries. It has since carried out high quality policy-focused research on aid instruments, budget processes and the reform of public expenditure systems.

Although initially funded by DFID for a limited period, CAPE is continuing its work on a self-funding basis. Its current focus is on translating its ongoing research into practical policy tools and guidelines for use by government practitioners, donor agencies, and developing country organisations. Alongside this, CAPE's new

programme of policy-based research is continuing to address current challenges in public expenditure management reform. The programme is divided into four streams:

1. Aid Policy and Donor Practice;
2. Public Expenditure Management (PEM) Systems and Reform;
3. Public Expenditure and Poverty Reduction;
4. Decentralisation and Service Delivery.

CAPE was formerly headed by John Roberts and is now coordinated by Paolo de Renzio.

- *PRSP Monitoring and Synthesis Project*
<http://www.prspsynthesis.org/>

The PRSP Monitoring and Synthesis Project is a strategic three-year project which was commissioned in June 2001 by DFID to support its involvement in the PRSP process. Although it recently reached completion, the project's staff are continuing to work on PRSP and related issues. The project provided advice to DFID staff on key issues arising in PRSP implementation, based on syntheses of in-country information. Its two main aims were:

1. To streamline and synthesise information on PRSPs for the benefit of DFID staff within DFID headquarters and overseas by enabling them to keep up to date with developments in a time-efficient manner;
2. To regularly monitor PRSP implementation in selected countries and to use this to provide both short-run feedback and longer-term in-depth analysis for DFID in a number of key areas of interest.

The PRSP Synthesis Project was headed by Alison Evans.

- *International Economic Development Group (IEDG)*
<http://www.odi.org.uk/iedg/index.html>

This group has programmes in the following six areas: trade and trade policy; international institutions; foreign direct investment; short-term capital flows; effectiveness of aid; and natural disasters.

The effectiveness of aid programme looks particularly at:

1. The effects of aid on economic growth and human development;
2. The effects of aid on the fiscal policies of recipient governments;
3. The role of aid and donors in influencing recipient government policies;
4. Donor engagement in difficult environments.

IEDG has recently been working with PPPG on helping developing countries to design and implement trade policy with a poverty focus.

IEDG is headed by Sheila Page.

- *Rural Policy and Governance*
<http://www.odi.org.uk/rpeg/index.html>
<http://www.odifpeg.org.uk/>

This new ODI group has come about as a result of the merging of the Rural Policy and Environment Group and the Forest Policy and Environment Group. The new group has as its focus: better understanding of pro-poor growth; making sure rural poverty reduction through the productive sectors is better incorporated in Poverty Reduction Strategies; and the governance of natural resources.

RPGG is headed by Andrew Shepherd.

- **Institute of Development Studies (IDS)**
University of Sussex
<http://www.ids.ac.uk/ids/>

The Institute of Development Studies (IDS) is an internationally renowned centre for research and teaching on development, established in 1966 and based at the University of Sussex as an independent not-for-profit company.

Research themes provide a focus, but also allow much interdisciplinary work to occur on cross-cutting issues. IDS currently has six research themes:

1. Governance;
2. Globalisation;
3. Poverty and Social Policy;
4. Health and Social Change;
5. Participation;
6. Environment.

Of particular relevance to the project are: Governance; Poverty and Social Policy; and Participation. Two separate research units also of relevance are the Centre for the Future State and the Civil Society and Governance programme.

- *Governance*

This team develops critical positions on current governance debates. Current projects include: 'Pro-poor Political Change' and 'Understanding the Politics of the Budget Process'.

Governance is headed by Mark Robinson.

- *Poverty and Social Policy*

Most work within this theme has a micro-level 'downstream' focus. A relevant project is: 'Social Policy for the 21st Century', a three year DFID-funded programme to contribute to policy-making that is relevant to the needs of poor and excluded groups. Poverty and Social Policy is headed by Stephen Deveraux.

- *Participation*

For the last decade, IDS has been a centre for the promotion of participation research, benefiting from the presence of Robert Chambers. The participation and

policy sub-theme looks in detail at Participatory Poverty Assessments (PPAs) and participation in PRSP formulation as well as monitoring and evaluation.

Participation is headed by John Gaventa.

- *Centre for the Future State*

This centre was established in August 2000 with initial funding from DFID for five years. Its focus is on how public authority can best be reshaped and reconstituted to meet the challenge of poverty reduction in the early decades of the 21st century.

The Centre for the Future State is headed by Mick Moore.

- *Civil Society and Governance*

A three-year research project established in 1998 and funded by the Ford Foundation.

The Civil Society and Governance programme is headed by James Manor.

- **Oxford Policy Management (OPM)**

<http://www.opml.co.uk/>

Oxford Policy Management (OPM) is a development consultancy based in Oxford employing about 20 full-time consultants and 20 associate consultants. It has an international reputation for independence, rigorous and informed analysis, and the ability to provide practical policy advice and implementation support for clients. Four mutually reinforcing services are provided:

1. Advice clarifying policy and organisational options;
2. Training in key aspects of public policy management;
3. Support for the management of organisational change and development;
4. Applied research into policy alternatives.

OPM has carried out a number of joint research projects on aid modalities and public sector finance and management with ODI.

OPM's work is divided into three programmes:

1. Public Sector Finance and Management (PSFM);
2. Economic Policy;
3. Social Policy.

- *PSFM*

PSFM was established in October 1997 to build on OPM's 20 years of experience of supporting policy reform in the public sector. It is made up of three portfolios: public expenditure management; public sector reform and; governance and accountability.

PSFM is headed by Sarah Holloway

The public expenditure management portfolio is headed by David Hoole.

- **International Development Department (IDD)**
University of Birmingham
<http://www.idd.bham.ac.uk/>

The International Development Department (IDD) of the University of Birmingham was founded in 1964, and is part of Europe's largest School of Public Policy. IDD is committed to supporting the development of effective governance systems in transitional and developing countries.

There are five research themes within this department:

1. Governance and Public Management;
2. Decentralisation and Local Governance;
3. State Failure, Reconstruction, and Political Identity;
4. Aid Effectiveness and Public Financial Management;
5. Poverty Reduction, Social and Economic Development.

- *Aid Effectiveness and Public Financial Management*

Two recent projects under this research theme are:

1. The Use of Different Aid Instruments in Asia, commissioned by DFID's Asia Directorate in May 2003, with the final report presented to DFID in October 2003;
2. OECD Study on Donor Practices 2002–03, commissioned by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD).

Aid Effectiveness and Public Financial Management research is headed by Michael Hubbard.

- **Bannock Consulting**
<http://www.bannock.co.uk/>

Bannock is a specialist firm providing advisory services and hands-on consulting to private and public sector clients around the world, focusing on Central Europe, the former Soviet Union and Africa. It employs about 30 London-based staff, and has a network of about the same number of non-London-based associates. Over half of the staff concentrate on public sector work.

Bannock's Public Sector Group advises on a range of issues including: institutional reform; resource management reform; public policy; and strategic planning and development in public sector reform. It also works with national governments and international agencies at the highest levels to develop solutions for a range of public sector policy issues. Two specific subsections of work within this group that are of relevance are:

1. Aid Management;
2. Social Policy on Poverty Reduction.

Aid Management is headed by Peter Brooke.

Social Policy on Poverty Reduction is headed by Darren Welch.

- **Institute for Development Policy and Management (IDPM)**
University of Manchester
<http://idpm.man.ac.uk/>

The Institute for Development Policy and Management (IDPM), established in 1958, is the UK's largest university-based international development studies department, with over seventy Manchester-based professional, administrative and associated staff. It is a multi-disciplinary unit specialising in policy, management and development in developing and transitional economies. There are currently four research groups within the unit:

1. Development Economics and Policy;
2. Information Systems for Development;
3. Management, Governance and International Development;
4. Social Development.

Of particular relevance for the project are the Development Economics and Policy group and the Social Development group.

The Institute has also established three major centres for development research in key areas of development policy:

1. Chronic Poverty Research Centre, established in 2000 with initial funding from DFID;
2. Centre on Regulation and Competition, established in 2000 with initial funding from DFID;
3. Impact Assessment Research Centre (IARC).

- *IARC*

The IARC promotes better understanding of policy or project interventions, so contributing to more effective evidence-based decision-making at policy, programme and project levels.

The Institute also hosts/co-hosts the following research institutions:

1. Enterprise Development Impact Assessment Information Service (EDIAIS), with Women in Sustainable Enterprise Development Ltd (WISE Development);
2. Global Poverty Research Group (GPRG), with the Centre for the Study of African Economies (CSAE), Oxford University;
3. Sustainability Impact Assessment of Trade Policy Negotiations Programme (SIA-TRADE).

IDPM is headed by Professor Colin Kirkpatrick.

The Development Economics and Policy group is headed by Dr Armando Barrientos.

The Social Development group is headed by Dr Uma Kothari.

The IARC is headed by Professor Colin Kirkpatrick.

- **Centre for Development Policy and Research (CDPR)**
School of Oriental and African Studies (SOAS)
University of London
<http://www.soas.ac.uk/centres/centreinfo.cfm?navid=79>

The School of Oriental and African Studies (SOAS) is the only higher education institution in the UK specialising in the study of Asia and Africa. Within this, the Centre for Development Policy and Research (CDPR) works on the development of cross-disciplinary approaches to poverty reduction that bridge the gaps between research and policy. The CDPR has developed expertise in the following areas of focus:

1. Macroeconomics of Poverty;
2. Poverty and the New Aid Agenda;
3. Rural Development and Agricultural Reform.

Projects:

1. Comparison of PRSP and National Development Strategies in Asia, funded by DFID, looking at Nepal and Vietnam, ongoing;
2. SIDA-funded Ownership Evaluations Project, 2001–02.

CDPR is headed by John Weeks.

- **Development Studies Institute (DESTIN)**
London School of Economics (LSE)
<http://www.lse.ac.uk/collections/DESTIN/>

The Development Studies Institute (DESTIN) was established in 1990 to promote interdisciplinary post-graduate teaching and research on processes of social, political and economic development and change. Five interdisciplinary research clusters have emerged:

1. Institutional Change, Institutional Reform and Governance;
2. War-torn Societies, Human Rights and Complex Emergencies;
3. Globalisation: International Financial Markets, Trade and Aid;
4. Local Level Urban and Rural Livelihood Strategies;
5. Rural Development, Agrarian Reform and Agrarian Change.

DESTIN is headed by Jo Beall.

- **Mokoro**
<http://www.mokoro.co.uk/>

Mokoro is a small international development consultancy company based in Oxford, employing about 20 staff. It specialises in economic and social development and resource management.

Mokoro specialises in seven areas:

1. Public Sector Resource Management;
2. Land Reform and Land Policy;

3. Economic Policy and Strategy;
4. Sustainable Development and Natural Resource Planning;
5. Sector Policy Reform and Programming;
6. Aid Management;
7. Social Development.

- *Aid Management*

Recent work under aid management includes an 'aid instruments in Asia' evaluation study for DFID, conducted jointly with IDD, Birmingham.

Mokoro is headed by Philip Lister.

- **Jubilee Research**

- <http://www.jubileeplus.org/>

Jubilee Research is the successor organisation to the hugely successful Jubilee 2000 debt cancellation campaign. It is located within the highly respected and radical think-tank, New Economics Foundation (NEF) in London. It provides up-to-date, accurate research, analyses, news and data on international debt and finance.

Jubilee Research is headed by Ann Pettifor.

- **institute for public policy research (ippr)**

- <http://www.ippr.org.uk/home/>

ippr is a leading progressive think-tank working on a wide range of policy issues. Although working on domestic issues since 1986, ippr established an International Programme in July 2002 with the aim of applying the ippr's core values of social justice, opportunity and sustainability to pressing global issues and to formulate practical policy responses to them. There are four particular challenges that make up the focus of ippr's International Programme:

1. Promoting Greater Global Security;
2. Promoting Poverty Reduction and Sustainable Development;
3. Protecting and Promoting Human Rights;
4. Promoting more Effective Governance.

The International Programme is currently running a 12-month project on 'Africa and governance – policy priorities for the G8', due to conclude in March 2005. It aims to link in with the work of the Africa Commission and feed into the UK's G8 Presidency in 2005.

The International Programme is headed by David Mepham.

- **Crown Agents**
<http://www.crownagents.com/>

Crown Agents is an international development company offering capacity-building and institutional development consultancy services in public sector transformation. It works with public and private sectors in more than 100 countries, as well as for international development agencies and institutions, including assisting in the implementation of Japanese government aid.

Its Public Sector Reform team within the Institutional Development group carried out a Donor Accountability Study in 2001 within the context of general and sector budget support on behalf of seven donors, including DFID. Other work by this team covers specific areas of public sector reform, financial management and debt management.

- **Centre for the Study of African Economies (CSAE)**
University of Oxford
<http://www.csae.ox.ac.uk/>

The Centre for the Study of African Economies (CSAE) has been undertaking research on Africa for more than a decade, and has become one of the largest concentrations of academic economists and social scientists working on Africa outside the continent itself. It is part of the Department of Economics under the Social Sciences Division at Oxford University.

CSAE houses the Global Poverty Research Group, jointly run with IDPM, Manchester.

CSAE is headed by Paul Collier.

- **Queen Elizabeth House (QEH)**
University of Oxford
<http://www2.qeh.ox.ac.uk/>

Queen Elizabeth House (QEH) is the University of Oxford's centre for Development Studies, and a department of the University's Social Science Division. Research is divided thematically into the following five broad thematic areas:

1. International and National Economic Development;
2. Human Development, Gender and the Environment;
3. Forced Migration;
4. Development and Conflict;
5. States, Markets and Politics: Africa and South Asia.

Within the International and National Economic Development group, a sub-theme on The Macroeconomics of Aid has been assessing the short and medium term effects of aid, with a particular focus on Uganda. The results of this work fed into a recent DFID policy paper on the macroeconomics of aid.

The Macroeconomics of Aid work is headed by Christopher Adam.

- **Bradford Centre for International Development (BCID)**
University of Bradford
<http://www.bradford.ac.uk/acad/bcid/>

Bradford Centre for International Development's (BCID) is one of the UK's leading university-based centres for development studies. Research is divided into five thematic 'clusters':

1. Livelihoods and Poverty;
2. Europe and its Regions;
3. Public Policy and Effectiveness of Project Planning and Management Interventions;
4. International Human Resource Management;
5. Globalisation, International Trade, Foreign Direct Investment and Poverty Reduction.

- *Livelihoods and Poverty group project*

'Goodbye to Projects?', a DFID-funded research project from 2001 to 2003, explored the institutional implications of adopting a sustainable livelihoods approach to the planning, implementation and assessment of development interventions and looked at the place of sustainable livelihoods approaches in various types of development intervention (projects, programmes, SWAps).

BCID is headed by Patrick Ryan.

- **Centre for Research into Economic Development and International Trade (CREDIT)**
University of Nottingham
<http://www.nottingham.ac.uk/economics/credit/>

CREDIT is a research focus for members of the School of Economics whose principle research interests are economics issues pertaining to developing countries. CREDIT has three research themes:

1. Poverty, Inequality and Human Resources;
2. International Trade and Development;
3. Capital Flows and Macroeconomic Policy.

- *Capital Flows and Macroeconomic Policy*

A recent project was 'Increasing the Poverty Leverage of Aid', commissioned by DFID.

CREDIT is headed by Oliver Morrissey.

- **Centre for Development Studies (CDS)**
University of Wales
<http://www.swan.ac.uk/cds/>

CDS is a centre of international research excellence. It conducts its research around three themes:

1. Poverty Reduction;
2. Globalisation and Governance;
3. Health and Population.

A recent project was Research for Poverty Reduction, DFID research policy paper, 2002.

CDS is headed by Alan Thomas.

(2) Non-Governmental Organisations (NGOs)

Many of the larger NGOs in the UK have a high research capacity and develop detailed reports and briefings for submission to government and multilateral organisations as statements of their policy on an issue. Most NGO research that is relevant to the project focuses on PRSPs. Links to relevant example papers are included below. The list is in alphabetical order rather than volume of work. The top three NGOs working on the issues in order of volume are: (1) Oxfam GB; (2) Christian Aid; and (3) ActionAid. Descriptions of organisations have been taken from the websites.

- **ActionAid**

<http://www.actionaid.org.uk/>

ActionAid is one of the UK's largest development agencies, fighting for a world without poverty by working in partnership in more than 40 countries.

Policy and research theme: aid effectiveness, campaigning for untied aid.

- **Bretton Woods Project**

<http://www.brettonwoodsproject.org/>

The Bretton Woods Project works as a networker, information-provider, media informant and watchdog to scrutinise and influence the World Bank and International Monetary Fund (IMF).

- **Catholic Agency for Overseas Development (CAFOD)**

<http://www.cafod.org.uk/>

CAFOD is the official overseas development and relief agency of the Catholic Church in England and Wales.

Policy and research theme: aid, debt and poverty reduction.

- *Debt and the Millennium Development Goals Working Paper, 2003:*

http://www.cafod.org.uk/policy_and_analysis/policy_papers/debt/debt_and_mdgs

- **Christian Aid**

<http://www.christian-aid.org.uk>

Christian Aid is an agency of the churches in the UK and Ireland. It works wherever the need is greatest, irrespective of religion by supporting local organisations, which are best placed to understand local needs, as well as giving help on the ground through 16 overseas offices.

Policy and research themes: aid, debt, development.

- *Too Hot to Handle? The Absence of Trade Policy from PRSPs, 2003:*

<http://www.christian-aid.org.uk/indepth/0304toohot/intro.htm>

- *Failing Women, Sustaining Poverty: Gender in Poverty Reduction Strategy Papers, 2003:*

http://www.christian-aid.org.uk/indepth/0306gad/gad_intro.htm

- **Oxfam GB**
<http://www.oxfam.org.uk/>

Oxfam GB is a development, advocacy and relief agency working to put an end to poverty world-wide.

Policy and research theme: debt and aid

- *'Donorship' to Ownership?: Moving towards PRSP Round Two, 2004:*
www.oxfam.org.uk/what_we_do/issues/democracy_rights/bp51_prsp.htm
- *The IMF and the Millennium Goals: Failing to deliver for low-income countries, 2003:*
http://www.oxfam.org.uk/what_we_do/issues/debt_aid/bp54_imfmdgs.htm

- **Panos Institute**
<http://www.panos.org.uk/>

Works with journalists in developing countries to produce news, features and analysis on the most critical global issues of today. Many articles provide a local level perspective on PRSPs.

- **Save the Children**
<http://www.savethechildren.org.uk>

Save the Children fights for children's rights, delivering immediate and lasting improvements to children's lives worldwide.

- *Children Participating in PRSPs, 2004:*
<http://www.savethechildren.org.uk/scuk/jsp/resources/details.jsp?id=1980&group=resources§ion=policy&subsection=details>

- **WaterAid**
<http://www.wateraid.org.uk/>

Wateraid works for a world where everyone has access to safe water and effective sanitation.

Policy and research theme: sanitation and water; and PRSPs.

- **World Development Movement (WDM)**
<http://www.wdm.org.uk/index.htm>

WDM tackles the underlying causes of poverty by lobbying decision makers to change the policies that keep people poor. Positive alternatives are researched and promoted by working alongside people in the developing world who are standing up to justice.

Policy and research theme: debt.

- **World Vision UK**
<http://www.worldvision.org.uk/>

World Vision is a Christian relief and development partnership that works with the poor in the pursuit of justice and human transformation.

Policy and research theme: development and rights.

- *After the Party is Over: policies for poverty reduction after the Annual Meetings of the World Bank and IMF, 2002:*
www.worldvision.org.uk/resources/after+the+party+is+over.pdf
- *Masters of their own Development? PRSPs and the prospects for the poor, 2002:*
<http://www.worldvision.org.uk/resources/mastersprsp.pdf>

(3) Other – Related Networks and Sources of Information

- **The Development Studies Association (DSA)**

<http://www.devstud.org.uk/>

The Development Studies Association works to connect and promote the development research community in the UK and Ireland. Its website hosts:

- *Guide to Development Research Capacity in UK and Ireland*
www.devstud.org.uk/researchguide/index.htm

- **British Overseas NGOs for Development (BOND)**

<http://www.bond.org.uk/>

BOND is the UK's broadest network of NGO organisations working in international development, currently having over 280 members. It works to promote the exchange of experience, ideas and information between members, with other networks, with the UK government, with other UK organisations and internationally. To support this work, BOND manages training, advocacy and information services.

- **Eldis Gateway to Development Information**

<http://www.eldis.org/>

ELDIS is a gateway to information on development issues, providing free and easy access to a wide range of high quality online resources.

Relevant sub-sections:

- *Watching the Poverty Reduction Strategies process*
www.eldis.org/poverty/prsp.htm
- *Aid and Debt Resource Guide*
www.eldis.org/aid/index.htm

- **Eurodad – European Network on Debt and Development**

<http://www.eurodad.org/>

Eurodad is a network of 48 development non-governmental organisations from 15 European countries working for national economic and international financing policies that achieve poverty eradication and the empowerment of the poor. The network shares knowledge and experiences, coordinates civil society cooperation, monitors existing policies and practices, and promotes alternatives. The website contains many documents related to the three work areas:

- *Debt and Finance*
- *Empowerment*
- *Poverty Reduction Strategies*

- **id21 Development Research Reporting Service**

<http://www.id21.org/>

id21 is a free development research reporting service, providing the latest and best UK-resourced research on developing countries.

Relevant sections:

- *Society and Economy*
- *Poverty and Aid*

- **Monitoring and Evaluation News**

<http://www.mande.co.uk/>

A news service focusing on developments in monitoring and evaluation methods relevant to development projects and programmes with social development objectives.

- **PEFA – Public Expenditure Financial Accountability**

<http://www.pefa.org/>

PEFA is a jointly funded three-year programme started in 2001 which aims to support integrated and harmonised approaches to assessment and reform in the field of public expenditure, procurement and financial accountability. It is a partnership between the World Bank, the European Commission, DFID, the Swiss State Secretariat for Economic Affairs, the French Ministry of Foreign Affairs, the IMF, and the Strategic Partnership with Africa.

5. Conclusion

One of the dilemmas of development has always been how to assist developing countries without disempowering them. This is an issue that the new trends in development assistance promoted by DFID aim to address. Interesting discussions on how best to do this are occurring both within and between donor organisations in Japan and the UK, among others, on how this can be best achieved.

DFID's overarching goal is to contribute to the achievement of the Millennium Development Goals (MDGs). In order for the targets to be met by 2015, it is argued, there must be a step-change in the way developing country policy processes function and the way donors interact with them. Governments must take responsibility for and ownership of nationally developed poverty reduction strategies. In order to maximally assist this process, donors must step back; instead of driving the agenda, they should align with and support the implementation of the nationally developed strategies.

Although the logic is compelling, in reality such changes are far from simple; change in this direction has been only limited so far. Donor innovations in supporting PRSPs through complementary aid modalities and increased donor coordination are still in their early stages, and initial research findings show mixed results. Furthermore, PRSPs are still a form of donor-led conditionality and therefore may be difficult to embed locally. DFID, however, strongly feels the need for donor assistance to move in the direction of supporting government-led approaches, where there is capacity, and to concentrate on building such capacity where this is currently lacking. Recent research acknowledges that such processes are highly political and that affecting such change is far from a straightforward, linear process.

DFID has been an influential donor over the past seven years and continues to be so, with added impetus at present due to the importance of 2005 for the UK. DFID's drive for innovation and evidence-led policy-making both fuels and benefits from the strong research capacity in the UK and close relationships between policy-makers and researchers. Much innovative research is going on and will contribute to the development of second-generation PRSPs and discussions on changing donor roles. Deeper understanding of DFID's current policies through reviews of the research on which it is based can help Japan (and other donors) to better understand what DFID is trying to achieve and why. This will then contribute to an informed analysis of what the changes mean for them and for their approach.

The initiative will focus in future papers on each of the core issues in turn. The next paper will cover the latest research on PRSPs and provide more detail on DFID's engagement with them. Feedback is invited from Japanese researchers and practitioners on this paper and all future output. Submissions of related work undertaken in Japan are most welcome and will be placed on the initiative website, to be developed soon. Comments are also invited from British researchers on the contents of this and future papers.

Bibliography

Acharya, Arnab, Ana Fuzzo de Lima and Mick Moore (2004) *The proliferators: transactions costs and the value of aid*, IDS Working Paper 214, Institute of Development Studies, Sussex, January.

Booth, David (ed.) (2003) *Fighting Poverty in Africa: are PRSPs making a difference?* London: ODI.

Booth, David (2004) *Budgets not projects: a new way of doing business for aid donors*, ODI Opinions 9, London: ODI, February.

Christiansen, Karin with Ingie Hovland (2003) *The PRSP initiative: multilateral policy change and the role of research*, ODI Working Paper 216, London: ODI.

Conway, Tim (2003) *Changing policies of the major donors: UK case study*, Report for Japan Bank for International Cooperation, London:ODI, October.

DFID (2002), 'How Should DFID Respond to PRSPs?' Internal discussion paper, DFID, February.

DFID (2003) *Statistics on International Development: 2003 Edition*, DFID: London, October.

DFID (2004a) *Departmental Report 2004*, DFID: London, April.

DFID (2004b) *Poverty Reduction Budget Support*, London: DFID, May.

Duncan, Alex, Iffath Sharif, Pierre Landell-Mills, David Hulme and Jayanta Roy (2002) *Bangladesh: Supporting the drivers of pro-poor change*, Report for DFID, London and Dhaka, June.

Farrington, John and Oliver Saasa (2002) *Drivers for Change in Zambian Agriculture: Defining what shapes the policy environment*, Report for DFID, London and Lusaka, December.

Foster, Mick and Jennifer Leavy (2001), *The Choice of Financial Aid Instruments*, ODI Working Paper 158, London: ODI.

Foster, Mick, Adrian Fozzard, Felix Naschold and Tim Conway (2002) *How, When and Why does Poverty get Budget Priority: Poverty Reduction Strategy and Public Expenditure in Five African Countries, Synthesis Paper*, ODI Working Paper 168, London: ODI.

Foster, Mick with Andrew Keith (2003), *The Case for Increased Aid*, Report for Department for International Development, London, December.

Killick, Tony (2004) 'Politics, Evidence and the New Aid Agenda', *Development Policy Review* 22 (1): 5-29.

Morrissey, Oliver (2002) *British Aid Policy Since 1997: Is DFID the Standard Bearer for Donors?* CREDIT Research Paper 02/23, Centre for Research in Economic Development and International Trade: University of Nottingham.

ODI (2002) *DFID's engagement with national PRSP processes*, PRSP Synthesis Note 2, London: ODI, February.

ODI (2003) *Choice of Aid Modalities*, Keysheet 19, London: ODI.

OECD DAC (2003) *Harmonising Donor Practices for Effective Aid Delivery*, DAC Guidelines and Reference Series.

OPM and ODI (2002) 'General Budget Support Evaluability Study, Phase 1. Final Synthesis Report'. Report for Department for International Development, London, December.

Piron, Laure-Helene with Alison Evans (2004), *Politics and the PRSP Approach: Synthesis Paper*, ODI Working Paper 237, ODI: London.

Unsworth, Sue (2001) 'Understanding pro-poor change: a discussion paper'. Internal discussion paper, DFID, October.

Vereker, John (2002) 'Blazing the Trail: Eight Years of Change in Handling International Development', *Development Policy Review*, 20:2, 133-140.

Main websites used:

<http://www.aidharmonization.org/>

<http://www2.dfid.gov.uk/>

<http://www.prspsynthesis.org/>

Annex 1: DFID's 2003-06²⁹ Public Service Agreement (PSA)³⁰

Aim: Eliminate poverty in poorer countries in particular through achievement by 2015 of the Millennium Development Goals:

- 1. Eradication of extreme poverty and hunger***
- 2. Achievement of universal primary education***
- 3. Promotion of gender equality and empowerment of women***
- 4. Reduced child mortality***
- 5. Improved maternal health***
- 6. Combating HIV/AIDS, malaria and other diseases***
- 7. Ensuring environmental sustainability***
- 8. A global partnership for development***

Objective I: Reduce poverty in Sub Saharan Africa

Target 1: Progress towards the MDGs in 16 key countries demonstrated by:

- a sustainable reduction in the proportion of people living in poverty from 48% across the entire region;
- an increase in primary school enrolment from 58% to 72% and an increase in the ratio of girls to boys enrolled in primary school from 89% to 96%;
- a reduction in under-5 mortality rates for girls and boys from 158 per 1000 live births to 139 per 1000; and an increase in the proportion of births assisted by skilled birth attendants from 49% to 67%; a reduction in the proportion of 15-24 year old pregnant women with HIV from 16%;
- improved effectiveness of the UK contribution to conflict prevention and management as demonstrated by a reduction in the number of people whose lives are affected by violent conflict and a reduction in potential sources of future conflict, where the UK can make a significant contribution. (Joint Target with FCO and MOD); and
- effective implementation of the G8 Action Plan for Africa in support of enhanced partnership at the regional and country level.

Objective II: Reduce Poverty in Asia

Target 2: Progress towards the MDGs in 4 key countries demonstrated by:

- a sustainable reduction in the proportion of people living in poverty from 15% to 10% in East Asia and the Pacific and 40% to 32% in South Asia;
- an increase in gross primary school enrolment from 95% to 100% and an increase in the ratio of girls to boys enrolled in primary school from 87% to 94%;
- a reduction in under 5 mortality rates for girls and boys from 92 per 1000 live births to 68 per 1000; and an increase in proportion of births assisted by skilled birth attendants from 39% to 57%; and
- prevalence rates of HIV infection in vulnerable groups being below 5%; and a tuberculosis case detection rate above 70% and cure treatment rate greater than 85% are achieved.

²⁹ At the July 2004 Spending Review, DFID agreed a new Public Service Agreement for 2005-08. (See: http://www.hm-treasury.gov.uk/media/B9B87/sr04_psa_ch11.pdf) The 2003-06 PSA is included here however, as this is the framework within which DFID is currently operating.

³⁰ All targets in the PSA are for 2006 measured against data available in 2000.

Objective III: Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa.

Objective IV: Increase the impact of key multilateral agencies in reducing poverty and effective response to conflict and humanitarian crises.

Target 3: Improved effectiveness of international system as demonstrated by:

- a greater impact of EC external programmes on poverty reduction, including through working for agreement to increase the proportion of EC oda to low income countries from 38% to 70%; and
- ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006 and work with international partners to make progress towards the United Nations 2015 Millennium Development Goals by 2006. (Joint target with HMT);

Target 4: Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for developing countries. (Joint target with DTI & FCO)

Objective V: Develop evidence based, innovative approaches to international development.

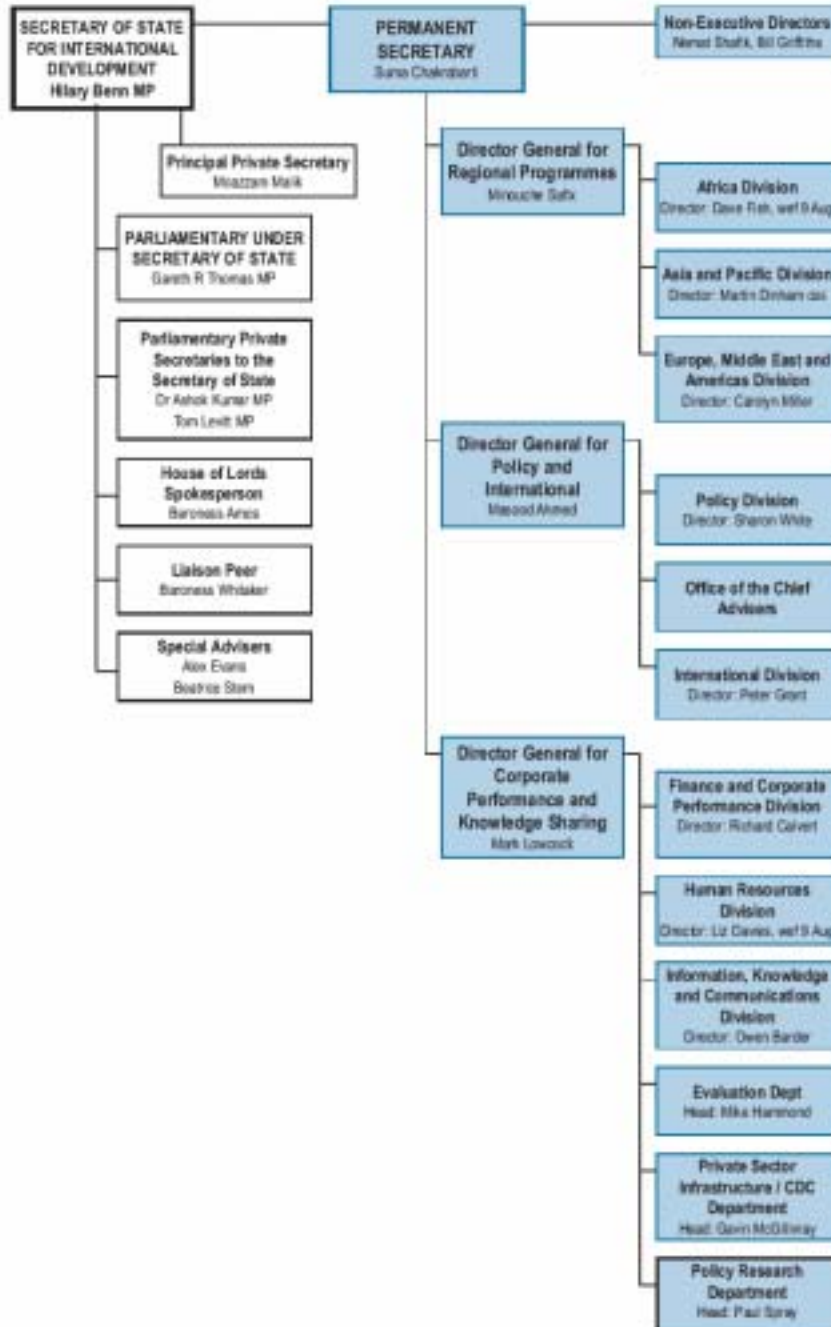
Value for money.

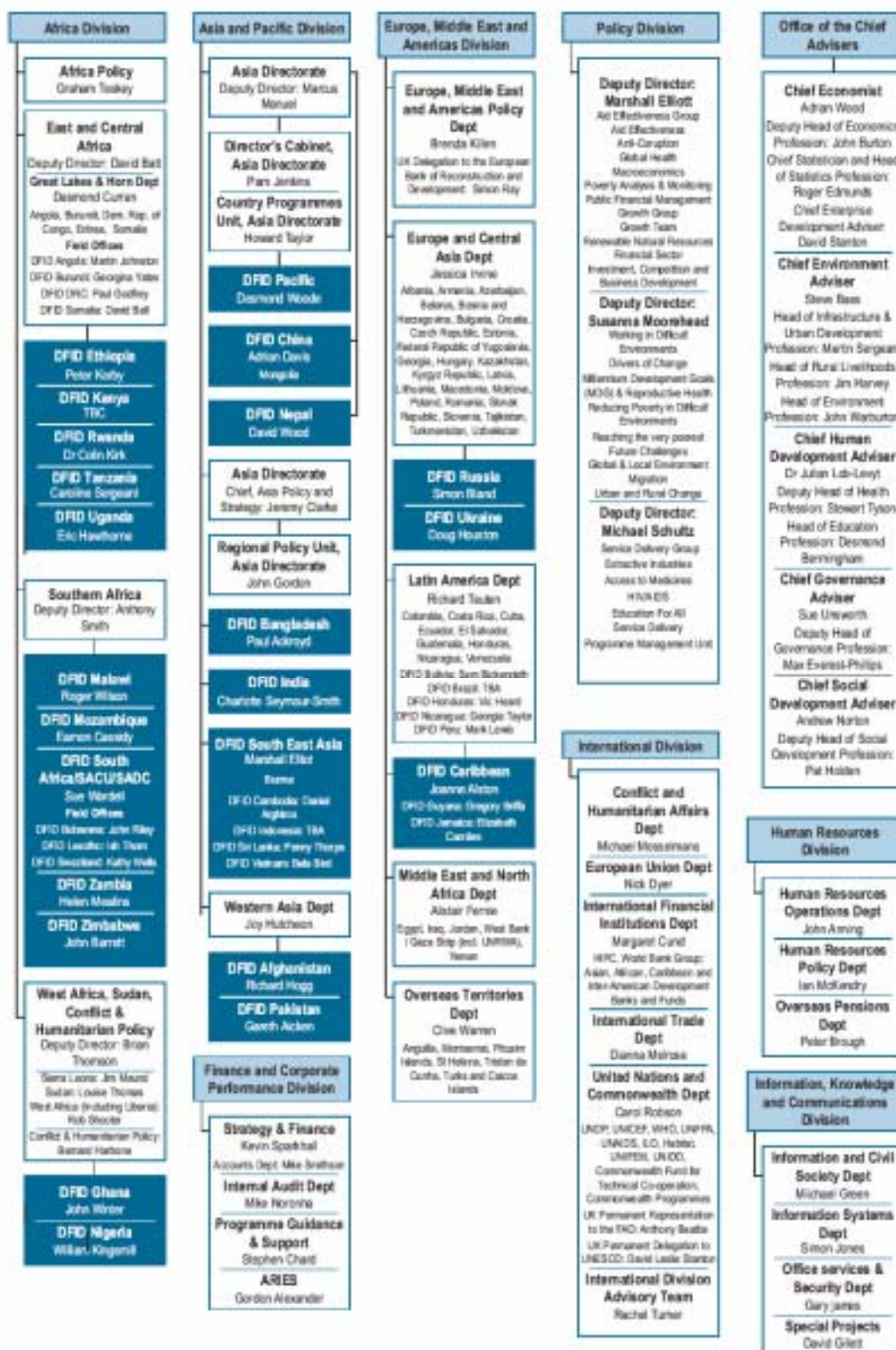
Target 5: Increase the proportion of DFID's bilateral programme going to low income countries from 78% to 90% and a sustained increase in the index of DFID's bilateral projects evaluated as successful.

Source: DFID website

Annex 2: DFID Organisational Chart (August 2004)

SIMPLIFIED ORGANISATION CHART August 2004





Source: DFID website

Annex 3: Key DFID Policy and Performance Documents

White Papers

1997 White Paper

Eliminating world poverty: a challenge for the 21st century.

<http://www.dfid.gov.uk/pubs/files/whitepaper1997.pdf>

2000 White Paper

Making globalisation work for the poor

<http://www.dfid.gov.uk/pubs/files/whitepaper2000.pdf>

Departmental Reports

Departmental Report 2004

Forward, Summary and Chapter 1:

<http://www.dfid.gov.uk/pubs/files/departreport04chap1.pdf>

(Other chapters available on DFID website, under 'Publications')

2003 Autumn Performance Report

<http://www2.dfid.gov.uk/pubs/files/autumnperfreport03.pdf>

Target Strategy Papers

Set out DFID's strategies in relation to the Millennium Development Goal targets

Taking action: The UK's strategy for tackling HIV and AIDS in the developing world (2004)

<http://www2.dfid.gov.uk/pubs/files/hivaidstakingaction.pdf>

Eliminating hunger (2002)

(Currently unavailable on DFID website)

The challenge of universal primary education (2001)

<http://www2.dfid.gov.uk/pubs/files/tspeducation.pdf>

Making government work for poor people (2001)

<http://www2.dfid.gov.uk/pubs/files/tspgovernment.pdf>

Meeting the challenge of poverty in urban areas (2001)

<http://www2.dfid.gov.uk/pubs/files/tspurban.pdf>

Addressing the water crisis (2001)

<http://www2.dfid.gov.uk/pubs/files/tspwater.pdf>

Better health for poor people (2000)

<http://www2.dfid.gov.uk/pubs/files/tsphealth.pdf>

Realising human rights for poor people (2000)
<http://www2.dfid.gov.uk/pubs/files/tsphuman.pdf>

Poverty elimination and the empowerment of women (2000)
<http://www2.dfid.gov.uk/pubs/files/tspgender.pdf>

Achieving sustainability: poverty elimination and the environment (2000)
<http://www2.dfid.gov.uk/pubs/files/tspenvironment.pdf>

Halving world poverty by 2015 (2000)
<http://www2.dfid.gov.uk/pubs/files/tspeconomic.pdf>

Institutional Strategy Papers

Set out DFID's strategies on working with partner organisations to reduce poverty

See DFID website, under 'Publications', Pub. Type: Institutional Strategy Papers

Country Strategy Papers / Country Assistance Plans

Set out DFID country level strategies

See DFID website, 'Publications', Pub. Type: Country Strategy Papers or Country Assistance Plans

Annex 4: Key reference documents on core issues

PRSPS

Booth, David (ed.) (2003) *Fighting Poverty in Africa: are PRSPs making a difference?* London: ODI.

Christiansen, Karin with Ingie Hovland (2003) *The PRSP initiative: multilateral policy change and the role of research*, ODI Working Paper 216, London: ODI.

DFID (2002), 'How Should DFID Respond to PRSPs?' Internal discussion paper, DFID, February.

Foster, Mick, Adrian Fozzard, Felix Naschold and Tim Conway (2002) *How, When and Why does Poverty get Budget Priority: Poverty Reduction Strategy and Public Expenditure in Five African Countries, Synthesis Paper*, ODI Working Paper 168, London: ODI.

ODI (2002) *DFID's engagement with national PRSP processes*, PRSP Synthesis Note 2, London: ODI, February.

Piron, Laure-Helene with Alison Evans (2004), *Politics and the PRSP Approach: Synthesis Paper*, ODI Working Paper 237, ODI: London.

<http://www.prspsynthesis.org/>

Aid Modalities

Booth, David (2004) *Budgets not projects: a new way of doing business for aid donors*, ODI Opinions 9, London: ODI, February.

DFID (2004) *Poverty Reduction Budget Support*, London: DFID, May.

Foster, Mick and Jennifer Leavy (2001), *The Choice of Financial Aid Instruments*, ODI Working Paper 158, London: ODI.

Foster, Mick with Andrew Keith (2003), *The Case for Increased Aid*, Report for Department for International Development, London, December.

Killick, Tony (2004) 'Politics, Evidence and the New Aid Agenda', *Development Policy Review* 22 (1): 5-29.

ODI (2003) *Choice of Aid Modalities*, Keysheet 19, London: ODI.

OPM and ODI (2002) 'General Budget Support Evaluability Study, Phase 1. Final Synthesis Report'. Report for Department for International Development, London, December.

Aid Harmonisation

Acharya, Arnab, Ana Fuzzo de Lima and Mick Moore (2004) *The proliferators: transactions costs and the value of aid*, IDS Working Paper 214, Institute of Development Studies, Sussex, January.

Foster, Mick with Andrew Keith (2003), *The Case for Increased Aid*, Report for Department for International Development, London, December.

OECD DAC (2003) *Harmonising Donor Practices for Effective Aid Delivery*, DAC Guidelines and Reference Series.

<http://www.aidharmonization.org/>

Annex 5: Institutions with development research capacity in UK & Ireland
(with links to Development Studies Association directory entries)

[Action on Disability and Development \(ADD\)](#)

[ActionAid](#)

[Age Concern](#)

[BasicNeeds](#)

[British Red Cross](#)

[Cardiff University - International Centre for Planning Research](#)

[Catholic Institute for International Relations \(CIIR\)](#)

[Cranfield University - Institute of Water and Environment](#)

[Development Education Association \(DEA\)](#)

[Development Studies Institute \(DESTIN\), London School of Economics](#)

[Foreign Policy Centre](#)

[Governance Research Centre, University of Bristol](#)

[Healthlink Worldwide](#)

[HelpAge International](#)

[Homeless International](#)

[Imperial College London - Dept of Agricultural Sciences](#)

[Institute of Aquaculture](#)

[Institute of Development Policy and Management \(IDPM\), University of Manchester](#)

[Institute of Development Studies \(IDS\), University of Sussex](#)

[Intermediate Technology Development Group \(ITDG\)](#)

[International and Rural Development \(IRD\), University of Reading](#)

[International Development Department \(IDD\), University of Birmingham](#)

[International Development Enterprises UK \(IDE-UK\)](#)

[International Extension College \(IEC\)](#)

[International HIV/AIDS Alliance](#)

[International Institute for Environment and Development \(IIED\)](#)

[International Mental Health at the Institute of Psychiatry](#)

[International Network for Development](#)

[International Network for the Availability of Scientific Information \(INASP\)](#)

[International NGO Training and Research Centre \(INTRAC\)](#)

[Kimmage Development Studies Centre](#)

[Learning for Life](#)

[London Business School - Centre for New and Emerging Markets \(CNEM\)](#)

[London Metropolitan University - International Institute for Culture, Tourism and Development](#)

[London School of Economics - Centre for Research into Economics & Finance in Southern Africa \(CREFSA\)](#)

[London School of Economics - Department of Social Policy](#)

[London School of Economics - Suntory and Toyota International Centres for Economics and Related Disciplines \(STICERD\)](#)

[London School of Hygiene and Tropical Medicine](#)

[Loughborough University - Water, Engineering and Development Centre \(WEDC\)](#)

[Macaulay Institute](#)

[Mercy Corps](#)

[MRAG Ltd](#)

[Natural Resources Institute \(NRI\)](#)

[Natural Resources International Ltd](#)

[One World Trust](#)

[OneWorld International](#)

[Open University - Development, Policy & Practice \(DPP\) Discipline, Open University](#)

[Overseas Development Institute \(ODI\)](#)

[Oxfam GB](#)

[Oxford Institute of Ageing](#)

[Panos Institute](#)

[People in Aid](#)

[Plan International](#)

[Resource Alliance](#)

[Royal Institute of International Affairs \(Chatham House\)](#)

[Saferworld](#)
[Save the Children \(UK\)](#)
[Scottish Catholic International Aid Fund \(SCIAF\)](#)
[Tourism Concern](#)
[Transparency International \(UK\)](#)
[Trinity College Dublin - Institute for International Integrated Studies \(IIIS\)](#)
[Trocaire](#)
[University College Cork - Centre for Sustainable Livelihoods](#)
[University College Dublin - Centre for Development Studies \(CDS\)](#)
[University College London - Development Planning Unit \(DPU\)](#)
[University College London - International Health and Medical Education Centre](#)
[University College London - Leonard Cheshire Centre of Conflict Recovery](#)
[University of Aberdeen - Department of Philosophy](#)
[University of Bath - Centre for Development Studies \(CDS\)](#)
[University of Bath - Department of Economics and International Development](#)
[University of Birmingham - Centre for the Study of Global Ethics](#)
[University of Bradford - Bradford Centre for International Development \(BCID\)](#)
[University of Bristol - Department of Politics](#)
[University of Derby - Geographical Sciences](#)
[University of Durham - Department of Geography](#)
[University of East Anglia - Overseas Development Group \(ODG\)](#)
[University of East Anglia - School of Development Studies / Overseas Development Group](#)
[University of East London - School of Cultural and Innovation Studies](#)
[University of Greenwich - School of Humanities](#)
[University of Kent - Department of Economics](#)
[University of Leeds - Centre for Development Studies \(CDS\)](#)
[University of Limerick - Euro-Asia Centre](#)
[University of London - Institute of Commonwealth Studies](#)
[University of London - Institute of Latin American Studies \(ILAS\)](#)
[University of London - Lifelong Education and International Development \(LEID\)](#)
[University of London - School of Oriental and African Studies \(SOAS\)](#)
[University of Manchester - School of Economic Studies](#)
[University of Middlesex - School of Health and Social Sciences](#)
[University of Newcastle Upon Tyne - Business School](#)
[University of Newcastle Upon Tyne - Global Urban Research Unit](#)
[University of Northumbria - Sociology and Criminology Division](#)
[University of Nottingham - School of Economics](#)
[University of Oxford - Centre for the Study of African Economies \(CSAE\)](#)
[University of Oxford - Queen Elizabeth House](#)
[University of Paisley - Paisley Business School](#)
[University of Sheffield - Department of Economics](#)
[University of Strathclyde - Department of Economics](#)
[University of Sussex - Centre for Culture Development and Environment \(CDE\)](#)
[University of Wales \(affiliated institution\) - Oxford Centre for Mission Studies \(OCMS\)](#)
[University of Wales - Centre for Development Studies \(CDS\)](#)
[University of Warwick - Politics and International Studies \(PAIS\)](#)
[University of Wolverhampton - Centre for International Development and Training \(CIDT\)](#)
[University of York - Department of Politics](#)
[WaterAid](#)
[Westminster Business School](#)
[World Development Movement](#)
[World Vision UK](#)

Source: Development Studies Association (DSA) Guide to Development Research Capacity in the UK and Ireland (<http://www.devstud.org.uk/researchguide/index.htm>)