

Beyond-aid policies and impacts: Why a developing country perspective is important



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‘DFID’s 2007 Annual Report says little about the varied impacts which beyond-aid issues, and the policies which drive them, have in developing countries.’

DFID’s 2007 Annual Report was published on 15 May. As in previous years, the report outlines what DFID has done over the past year to tackle global poverty. But this time, in response to a demand from Parliament, a whole chapter is devoted to ‘Working with others on policies beyond aid’. This chapter – along with sections of other chapters on fragile states, conflict, the environment and climate change – sets out how DFID has worked across Whitehall and with international partners including the EU in an effort to ensure that UK and wider international policies on beyond-aid issues are supportive of, or at least do not harm, international development.

The development trajectories of developing countries are shaped by a wide range of issues, including ‘domestic’ issues of governance and politics, and a range of ‘external’ issues which include but go far beyond aid. Such issues include security, conflict, trade, migration, investment, environmental issues such as climate change, technology transfer, access to medicines, debt and corruption.

If governments in the (largely ‘northern’) countries which shape the policy environment for such issues are serious about development, then they must ensure that their policies on these issues are supportive of, or at least do not undermine, their policies on international development. This is the so-called ‘policy coherence for development’ agenda, an agenda which has benefited greatly from the pioneering work of the OECD, the Center for Global Development and their *Commitment to Development Index*, the Global Development Network, and others.

In July 2006, Tom Clarke MP’s Private Members Bill – the International Development (Reporting and Transparency) Act – became law, building in part on a 2005 report by the International

Development Select Committee. In addition to requiring DFID to report on progress towards reaching the 0.7% aid/GNP target, the Act requires DFID to report on the actions of other Government Departments which are relevant to development.

Clause 5 of the Act states that ‘The Secretary of State shall include in each annual report such general or specific observations as he thinks appropriate on the effects of policies and programmes pursued by Government departments on: a) the promotion of sustainable development in countries outside the United Kingdom; b) the reduction of poverty in such countries.’ To my mind ‘as he thinks appropriate’ gives the Secretary of State too much room for manoeuvre – perhaps weight should also be given to what developing countries think is appropriate, an option which Sweden is exploring – but it is a useful start.

DFID’s 2007 Annual Report fulfils the reporting requirements on policy coherence for development which DFID and the Government have as a result of the 2006 Act. It provides much useful information and is very welcome. Developing countries along with NGOs and others have long argued that greater attention needs to be paid to the development impacts of a wide range of issues. DFID’s Report demonstrates that such arguments are, better late than never, acknowledged by the UK Government.

The UK is now – along with countries such as Sweden, Finland, Norway and the Netherlands, and to some extent, the EU – amongst the front-runners in taking policy coherence for development seriously, at least on paper. DFID also deserves much credit for taking seriously the *Commitment to Development Index*, and for noting that whilst the UK is mid-table overall, it scores poorly on migration, technology and security.

However, two issues struck me whilst reading what the report says about beyond-aid issues. First, with a few exceptions, the analysis says very little about the impacts in developing countries of beyond-aid issues and the policies which drive them, despite the fact that Tom Clarke MP's Act requires that information is provided about effects. And second, the report does not acknowledge sufficiently that – because developing countries are diverse – important efforts to ensure that 'northern' policies are supportive of development will only get us so far. Impacts of beyond-aid issues and the policies that drive them will be different in different developing countries, because impacts are shaped by country context and a country's engagement, through policy and politics, with beyond-aid issues.

For instance, as DFID's report acknowledges, whilst reducing agricultural subsidies in the EU would no doubt be 'development-friendly' overall, such a move, along with associated steps towards further trade liberalisation, will be of most benefit to large exporting countries such as Brazil, India, China and South Africa (this is where aid-for-trade comes in, building the capacity of a wider range of countries to benefit from trade liberalisation).

For migration too, the impacts of particular policies are likely to vary depending on the developing country in question. For countries where there are more people than jobs, and where government policy encourages the inward flow of remittances and their productive use, emigration and the resulting flow of remittances may provide a net benefit, whereas for other countries emigration may constitute a damaging 'brain-drain' and a net cost in terms of the country's development.

External factors, including aid and the wide range of issues and policies which go beyond aid, lead to different outcomes in different places. As such, whilst 'northern' governments must not be allowed to evade their responsibilities to ensure that policies are as supportive of development as possible, attention also needs to be paid to the ways in which country-context matters, and to the different ways in which developing countries do and might – through country-owned policies – engage with beyond-aid issues.

A useful approach to getting a handle on impact, and on the ways in which country-context and forms of engagement matter, would be to take a developing country/countries starting point and to analyse the impact of that country or countries' engagement with a range of external issues. This would complement the approach taken by the *Commitment to Development Index* which focuses on policy inputs. There are big methodological challenges involved in moving in this direction, including the difficulty of identifying impacts and assessing them in a manner which allows comparison across issues and countries, but the potential pay-offs in terms of understanding and improving the trajectories of developing countries, and their progress towards poverty reduction are huge.

Such an approach would provide a better evidence base both for informing 'northern' policy discussions, and for informing 'southern' policy discussions about how developing countries might – perhaps with the support of donors' aid – best engage with beyond-aid issues. It would also provide a better basis for establishing development partnerships and systems of mutual accountability which go beyond aid to encompass the wide range of issues which shape the development trajectories of developing countries. Not least, it would enable voices from developing countries to participate more fully in policy discussions about what needs to be done to enable them to survive and prosper in an increasingly globalised world. This would provide a useful counterpart to the current focus on understanding and enhancing developing countries' 'domestic' politics and governance.

This is an agenda which ODI and other organisations such as UNDP are engaged with, and which DFID is supportive of. It is to be hoped that subsequent DFID Annual Reports will say more about the impacts of beyond-aid policies and issues and about the ways in which developing countries engage with such issues. This would provide another useful angle on questions of policy coherence for development, and build on the progress which DFID has undoubtedly made in this area in recent years.

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