



Policy Coherence and the Future of the UK's International Development Agenda

A report to World Vision UK

SUMMARY

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Challenging ideas – Changing policy

Foreword by World Vision



World Vision

Poverty, for World Vision, is an issue of justice, or, more correctly, an issue of injustice. Poverty, exploitation and violence are not inevitable. The problems that millions living in economically poor countries face, and which claim 30,000 young lives each day, are the result of failures to ensure that systems and structures at international, national and local levels support the well-being of those who find themselves at the margins of society.

It is the transformation of society and communities that will deliver improved well-being in the lives of those intended to benefit from development efforts. Dramatic increases in aid over the last decade have saved and improved the lives of millions of people in poorer communities, particularly children. The communities we work with can see the change that aid money is delivering and the contribution it is making to sustainable development, but these increases have also highlighted the limits of aid as a development tool.

Factors such as governance and corruption, security and peace building, trade, finance, migration and climate change are all impacting on development, and the interplay between these factors is increasingly important if we want development to be successful and sustainable. Tackling structural and systemic injustice must go hand in hand with the provision of development aid. This means that a wide range of UK policies beyond aid have significant implications for the lives of people in economically poor countries.

For World Vision, a major development, humanitarian and advocacy organisation working in towns and villages in nearly 100 countries around the world, the impact of each of these policies on children is of paramount importance as we seek to alleviate the poverty and suffering experienced by so many in the world today. Our primary goal through every aspect of our work is to contribute to changes in society and communities that result in improved well-being in the lives of children through the realisation of their rights.

Our focus on children is informed by a belief that children are central to the development process, and policies impacting on development that ignore the well-being of children will ultimately fail to transform the lives of all those living in the poorest communities. A focus on child well-being:

- supports sustainable and equitable human development by breaking cycles of poverty and inequality – the effects of poverty on children today, who constitute the majority of those living in poverty, have consequences that are often passed on to their children tomorrow
- provides an entry point into addressing the well-being of families and communities and acts as a 'barometer' for the well-being of the wider population – child well-being is best improved through ensuring that the contexts in which they live are ones in which they can thrive. As such, child well-being is an important measure of impact for any intervention aimed at supporting social and human development
- recognises that children can play a significant role as agents of transformation in their communities
- recognises a child rights framework as the most effective tool to achieve minimum standards of well-being for children in areas such as health, care, protection and education.

Failing to put children at the centre of development weakens the impact of today's development efforts both now and for the future. But our call for children to be placed at the heart of the development agenda is not purely utilitarian. Children are rights-holders, as outlined in the United Nations Convention on the Rights of the Child, and, as such, development actors, including the UK Government, have an obligation to address the rights of children through all policies and actions that impact on development outcomes.

Recognition that positive, sustainable development outcomes can only be achieved through engagement with the underlying causes of poverty expands the areas of policy relevant to the development endeavour beyond those with a pure focus on development. The impacts of other areas of policy that have implications on international poverty reduction objectives, such as those relating to conflict, trade and investment, corruption, climate change and migration, must be recognised.

World Vision is concerned that the relationship between these factors and development has not been adequately explored. Though we strongly believe that the Department for International Development should remain a strong and independent department within Government with a cabinet-level Secretary of State, development policy must be considered by other UK departments including the Foreign and Commonwealth Office, Ministry of Defence and the Department for Business, Innovation and Skills if we are to make progress in development outcomes and to improve the well-being of children living in poverty. As we approach a crucial election, and the world convenes to review the Millennium Development Goals, now is the right time to ask these questions and to determine how UK development policy will be taken forward.

We commissioned the Institute for Public Policy Research (ippr) to carry out this independent research as a leading UK think tank and we thank them for their considerable work on this project and the contribution we hope it makes to the future development debate. We are also grateful to all those, both inside and outside of the UK Government, who participated in interviews and provided comment to inform the findings and conclusions of this report.

While the detailed conclusions and recommendations in the report are those of ippr, World Vision supports the findings and the call for greater policy coherence for development across the UK Government with a continued strong and independent role for the Department for International Development. How the UK contributes to development policy and uses its position on the global stage needs to be revisited, and World Vision hopes that this research helps shape that debate.

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Note: The opinions in this report are those of the authors only and do not necessarily represent those of World Vision or ippr.

Executive summary

Over the last 12 years, the United Kingdom has built an international reputation as a leading aid donor, and as an innovator in development policy. The Department for International Development (DFID) is a strong, independent actor both in London and in the countries in which it works. Furthermore, a consensus has now been established across much (if not all) of the political spectrum for the department's existence, for the commitment to meet the 0.7 per cent of GDP aid target, and for the legitimacy of the development agenda. These achievements should be celebrated and built on.

But beyond aid, a serious attempt by the UK or any other developed country to engage with the underlying causes of poverty also requires policy changes beyond the traditional territory of development policy – in foreign affairs and defence, in migration and trade, in finance and environment. This agenda is usually referred to as 'policy coherence for development', and is the focus of this report.

Although aid from the UK can have an important impact on the lives of some poor people in the developing world, the impacts of a range of other factors on poverty and rights are both more profound and far wider. These include: insecurity and violent conflict; the opportunities for and returns from trade and international migration; corruption, and climate change. The UK's commitment to, and delivery of, international poverty reduction objectives thus needs to be judged across a range of policies far beyond what is usually thought of as 'development policy', and which are outside the direct control and remit of DFID.

This debate is often expressed through a more specific discussion of DFID's place within government. DFID officials argue that the department has become a development ministry, not an aid agency, focusing as much on influencing policies in Whitehall (and internationally) as on delivering high-quality development assistance. Critics (inside and outside government) argue that DFID still operates primarily as an aid agency, separate from the rest of government; that wider UK public policy in defence and security, environment, migration and trade is rarely approached through a poverty reduction lens (particularly where there are genuine conflicts between UK interests and those of poor countries); and that the result is a lack of clear focus or coherence in the UK's support for, and engagement with, the poorest countries. Of course, in the real world of politics there are genuine trade-offs – between tightly-focused development policies and wider influence, between short-term poverty reduction objectives and longer-term change processes, and, in some cases, between the interests of rich and poor countries. This report does not claim to have easy answers. Rather, we aim to set out the nature of the trade-offs that exist, explore the (explicit or implicit) decisions that have been made by the UK government in the face of these trade-offs and draw some conclusions about areas in which the evidence suggests that different choices should be made in the future.

The UK record on policy coherence

The ambition to achieve policy coherence has, in principle, been present ever since the establishment of DFID. A series of government White Papers have all given prominence to policy coherence, although the focus has shifted over time. The Government has also tried to use its central policy and target-setting machinery to promote coherence. A plethora of cross-Whitehall mechanisms have also evolved over time, reflecting attempts to achieve a more joined-up government effort on development. These bodies often oversee spending from an aid budget that has increasingly spread out across departmental boundaries.

This report, based in part on interviews with around 35 civil servants from a range of departments, as well as political advisers and external experts, suggests that the Government has made real steps towards greater coherence, especially in some areas such as trade, climate change and conflict resolution. However, more remains to be done. DFID still appears

to have a core focus on conventional aid programmes and in-country reform processes, and is criticised by some for its largely technocratic (rather than political) approach to putting the development case in government. Other departments, while they do increasingly value DFID's input, also have a way to go in reflecting the importance of the UK's international development objectives in their policies and practice.

Policy coherence, and the interaction between DFID and other government departments, has evolved in a rather uneven way, often away from the political spotlight.

Trade policy was targeted from the very start of DFID's existence: an early decision was taken to invest in expertise within DFID, and to engage with the then Department of Trade and Industry (DTI) to make the argument that once trade policy moved away from mercantilism, development became the main issue. There was also an evolution in DFID's approach to conflict quite early on, with humanitarian military intervention in the Balkans and Sierra Leone forcing the department to think about how it worked alongside the Ministry of Defence (MOD), and about the relationships between stabilisation, reconstruction and long-term development. A somewhat different set of issues has arisen in the more recent cases of Iraq and Afghanistan. While work in these countries accounts for a relatively small part of DFID's programming, it has attracted a large amount of political debate.

More recently, there has been major engagement with Number 10 and the Department for Energy and Climate Change (DECC) on the international aspects of climate change. DFID has also pressed successfully for action by other departments on quite specific issues, such as the banning of cluster munitions by the UK and the promotion of an international agreement on the same issue.

On a range of other issues (such as migration), DFID has either made little effort to shape policy in other government departments, or has lacked the resources, arguments or political weight to do so.

DFID has had good reason to hold itself slightly apart from the rest of government – the benefits of DFID's independence are clear in the poverty focus of UK aid spending, and in its international reputation – but the gains made in the last decade need to be secured by advance into a wider agenda, not by a retreat into a narrowly defined aid agency role.

Why policy coherence matters now

Development outcomes depend crucially on factors beyond aid, and UK Government policies across a range of areas matter for poverty reduction and for securing basic human rights. On the other side, UK interests are increasingly bound up with successfully responding to a range of international issues (such as climate change). In this context, a narrow view of the UK's national interest is looking increasingly outdated.

But cutting across the policy coherence debate are the implications of a rapidly changing fiscal and political situation in the UK and elsewhere. A massive squeeze on public expenditure and a possible change of government will define the next five years of UK development policy. The stated position of the Conservative Party is that many of the wider parameters of the consensus established since 1997 will not change. A Conservative government would keep DFID as a separate department and would maintain or even increase aid spending. There are no proposals to amend the 2002 Act which limits DFID spending to poverty reduction, although the Conservatives have indicated that they want to explore the possibility of using more of the aid budget for security-related spending. In any case, there are likely to be considerable political pressures on DFID's budget, independence and ways of working.

There are different views on the question of 'where next?' for DFID, and for UK development policy. Some argue that, faced with increasing fiscal and political pressures in the coming years, DFID should defend its 'separateness' and independence even more; others that the

changing nature of poverty requires a more joined-up approach across government. Some even argue that DFID should be merged back into the Foreign and Commonwealth Office

Much of the controversy has focused on how DFID operates in countries where the UK is at war, and Iraq and Afghanistan in particular. These situations, while very important politically, represent only a small part of what DFID does. Particular problems do arise in such situations but we suggest that they require targeted solutions rather than systematic changes. It would be a mistake to reconfigure DFID's entire approach on the basis of the demands of these particular cases. In such situations it is critical to have clarity about the mission and objectives, and an agreed strategy for the whole of Government based on shared analysis. It then makes sense to apply principles of flexibility and transparency in the use of resources. Government spending in such circumstances should not be about a struggle between those who want to 'raid' the aid budget and those who want to defend the aid budget at all costs. The important distinction should not be between which spending can count as official development assistance (ODA) and which cannot, but between effective and ineffective spending. This might mean DFID recognising that security objectives are legitimate for poverty reduction as well as for wider UK interests, and agreeing to spend on non-ODA categories, but this will also mean the Government being clear that this expenditure cannot be counted as ODA.

In the end, concerns about protecting aid spending for poverty reduction and maintaining an appropriate allocation of DFID spending between countries are best addressed through having a strong DFID voice making the developmental case at the heart of government. We think that the benefits of a strong DFID, independent of the FCO, clearly outweigh the costs, and there is no question in our minds that DFID's position as a separate department with a Cabinet-level secretary of state should be maintained and strengthened.

However, this does not mean that DFID should stand apart from the rest of government. It is important both for UK development policy and for DFID as a department that the coherence of government policy and practice deepens and becomes more systematic. DFID should continue to be independent and to make decisions based on a clear set of development and poverty reduction objectives (particularly about aid programming), while also engaging more effectively with the rest of government at the policy level and on the ground.

In the current economic and political climate, a public and political defence of aid spending, and of the UK's successful international development policies, must recognise the interdependency of different objectives. The development debate in the UK will increasingly be linked to debates on issues including conflict and security, climate change, and migration and trade. Similarly, when considering the circumstances of the poorest countries, it seems impossible not to recognise the links between development and issues such as conflict and climate change.

So, there are both pragmatic and principled reasons to consider policy coherence. It seems likely that the UK's international development 'community' may need to make these interdependency arguments more strongly in the future than it has in the past, in order to protect the aid budget and DFID's independence. This adds another dimension to the debate about whether DFID is sufficiently joined-up with other parts of Government, and on what terms.

Where next for UK development policy?

DFID needs to continue building closer relationships with other government departments, which brings risks for the 'purity' of DFID's poverty reduction mission. However, DFID cannot afford to keep being seen as 'the NGO down the road', as it has been caricatured within other parts of government – perceptions can matter as much as reality. Instead, in the words of one interviewee, the department must become more of a 'Whitehall warrior'.

Successful policy coherence for development must be just that – for development. This means that there need to be clear political and official mechanisms to ensure that the

Government's development objectives are systematically considered across a range of policy areas. When other objectives or interests legitimately supersede development objectives, this should be transparent, and steps should still be taken to minimise harm and maximise development benefits. Policy coherence does not mean abandoning policies that seek development and poverty reduction for their own sake. But confidence is needed to engage on challenging issues, and to recognise that messy compromises are part of making progress. The key risk to be mitigated is that, in seeking coherence, the development agenda gets lost or downgraded relative to other issues (for example, security), and that the UK's core development policies become less effective as a result.

A central conclusion of this study is that greater coherence is not usually being prevented by a lack of cross-government mechanisms for dialogue and cooperation; there are many such mechanisms on most issues, often at very senior as well as operational levels. A more important issue is the incentives (or lack thereof) within government to make these mechanisms work well in practice. We argue that the key to coherence is agreed-upon joint strategy across government, based on shared analysis and clear political leadership, and supported by an effective case made to the public.

Summary of recommendations

- Development concerns and objectives should form a key part of decision-making across the full range of UK policies that impact on developing countries. Attempts to increase policy coherence for development should always include a child well-being and rights perspective. Where tensions exist and development objectives cannot appropriately be given priority, harm should be minimised, development benefits maximised and decisions should be made openly and accountably.
- The Government should develop a whole-of-government international development strategy, and should carry out a systematic analysis of the development impacts of UK policies (including, but not limited to, conflict, trade and investment, corruption, climate change and migration). This should have strong ownership across government, and a strong focus on non-DFID policy levers.
- The Government should ensure that DFID, the FCO, the MOD, the Department for Business, Innovation and Skills (BIS), DECC, the UK Border Agency (UKBA) and other relevant departments agree joint UK Government strategies for all important developing countries where the UK has both a substantial aid programme and significant strategic, commercial or security interests. These country strategies should be based on shared analysis contributed to by all departments.
- FCO posts and DFID country offices should play a key role in the process of forming joint country strategies and wider thematic strategies. DFID should retain operational independence at the country level, but needs to operate within cross-governmental strategic frameworks.
- All departments should create incentives – for example through appraisals and promotion criteria – for spending time and resources on inter-departmental working. These incentives should extend up to senior levels (including via Public Service Agreement frameworks) to encourage senior civil servants to provide an example to more junior staff and create a culture where working with other departments is valued. Career progression structures should also reflect the importance of cross-departmental working.
- All departments should review the skills of their staff to ensure that they are appropriate for achieving greater coherence (for example, DFID should employ more political advisers).
- DFID's sole spending focus on poverty reduction under the International Development Act should be retained and even strengthened, but should be based on a broad

analysis of what drives poverty reduction. The restrictions of the Act should apply to ODA spending across government, not just in DFID. The definition of ODA should not be reopened, but DFID should have access to more non-ODA funds, particularly in order to engage more effectively in situations of conflict.

- The Government should encourage the OECD's Development Assistance Committee to provide better reporting on non-ODA spending on a limited type of clearly-defined activities that promote development, in order to grant such spending more recognition and political credit.
- All departments should engage with their civil society constituencies, and with the public, on the importance and value of the coherence agenda. DFID in particular needs to proactively communicate with the public and with Parliament in order to explain the complicated realities and ambiguities of the development process. If they are really interested in achieving effective outcomes in developing countries, the FCO and MOD have a responsibility to promote the legitimacy both of development, and of DFID, with their own constituencies.
- Ministers and politicians must make the political and public case for policy coherence, and should have the confidence to engage with the complex realities of development.

About ippr

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