

Modernizing Foreign Assistance

Insights from the United Kingdom



A 9-year-old girl at a children's center in Sudan.

Foreign policy and development experts have looked at the United Kingdom's Department for International Development (DFID) for possible alternative approaches when considering how best to modernize and improve our own foreign assistance infrastructure and development policies. As food for thought, here is a brief summary of some key factors that distinguish the British system from the United States foreign assistance model.

Overview

DFID is not only an aid agency, charged with providing the vast majority of UK assistance, but also is a development ministry responsible for the coherence of UK policy as it affects developing countries.

DFID — by law — may only provide development assistance if the primary goal is poverty reduction.

DFID's influence within the UK government over issues affecting developing countries is wide-reaching, ranging from trade, conflict and the environment, to diplomacy, migration and international relations.

Key DFID characteristics, bureaucratic structures and policy mandates allow DFID to exert significant influence within the UK government over issues affecting developing countries. These include:

- ✓ An independent department headed by a Cabinet-level Minister
- ✓ Ministerial membership in multiple Cabinet and sub-Cabinet committees
- ✓ Control over development assistance policy and goals
- ✓ Joint government policy units and programming units
- ✓ Control of 83 percent of UK foreign assistance

No UK overseas development assistance (ODA) is “tied” because, by law, aid must be used for poverty reduction.

Planning, Budgeting and Implementing

DFID plans and budgets in three-year cycles. DFID is governed by Public Service Agreements (PSA) which detail its aims and objectives for a three-year period. The PSA forms the basis for agreement on a three-year budget with the Treasury. This is not prescribed by region, country or sector.

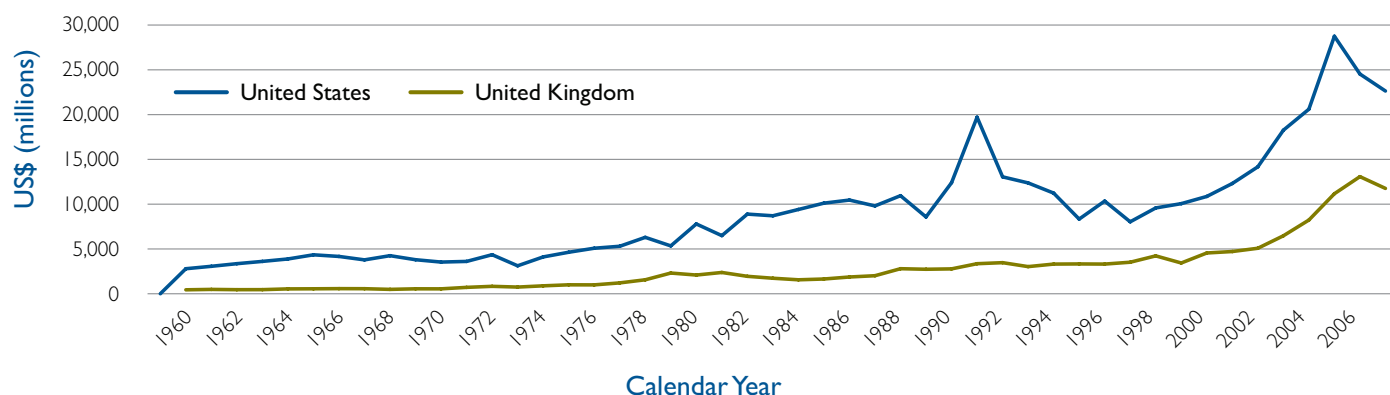
DFID has flexibility to sign partner agreements with host governments that may cover up to 10 years. These lay out commitments, principles and conditions under which aid will be provided (and withdrawn). Partner agreements provide projected budget figures for the next two, or three, year period to improve planning.

Parliament's role is one of oversight rather than in-depth direction. DFID reports to Parliament in detail, twice yearly, on its achievements against its three-year objectives and on a predetermined set of data.

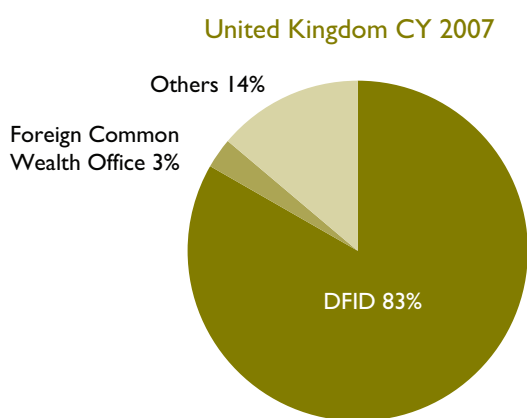
DFID builds independent monitoring and evaluation into projects. DFID has an independent advisory committee to ensure the independence of evaluation. It conducts five to six rolling country program evaluations each year to assess the relevance, effectiveness, efficiency and impact of its activities. All projects over £1 million are reviewed annually.

DFID has the flexibility to provide bilateral foreign assistance in different ways, depending on the context, including direct or sectoral budget support to the partner government, project support, pooled funding with other donors and technical support.

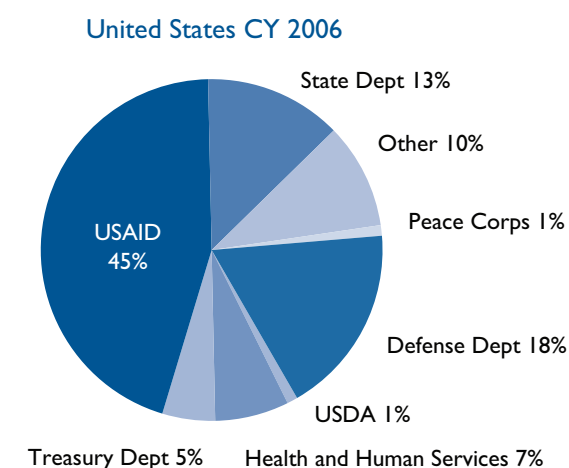
Gross Disbursement of ODA, 1960–2007



Control of ODA by Entity



Source: DFID



Source: Research in Congressional Research Service

A Comparison of UK and US ODA

	UK ODA	US ODA
Total ODA (2006 \$US billions)	\$12.5	\$23.5
ODA as % of GNI (2006)	0.51%	0.18%
% of ODA to least developed countries and other low income countries (2005–06 average)	66%	28%
% of net ODA disbursed to multilateral organizations (OECD, 2006)	30%	10%

Source: OECD Aid-at-glance

For more information on DFID, three useful resources are:

- » DFID web site, www.dfid.gov.uk
- » OECD, United Kingdom (2006), “DAC Peer Review: Main Findings and Recommendations, Review of the Development Co-operation Policies and Programs of the United Kingdom,” OECD/DAC, 2006. www.oecd.org/document/43/0,2340,en_2649_34603_36881515_1_1_1_1,00.html
- » Barder, Owen, “Reforming Development Assistance: Lessons from the UK Experience,” Center for Global Development Working Paper No. 70, October 2005, www.cgdev.org/content/publications/detail/4371



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