



## FCDO International Development Strategy

Submission by Abt Associates in Britain: September 2021

*The following document details Abt Associates in Britain's input to the FCDO's new strategy for its international aid program. This was submitted in September 2021. The questions were set by the FCDO.*

### 1. How might progress on international development to 2030 be impacted by the trends identified in the Integrated Review? How should the UK respond?

#### 1.1 How might progress be impacted by recent trends?

We are seeing a divided world based on extremism and identity-based conflict. Bad governance and inequality are fuelling political instability. The COVID-19 pandemic is exacerbating these trends and driving inequality within and between countries. As the impacts of climate change increase, we face the prospect of future humanitarian crises with floods or drought triggering famine. While scientific advances – such as the development of COVID-19 vaccines – can transform our world, new technology has fuelled hate speech and disinformation while providing authoritarian governments with new tools for surveillance and exclusion.

The International Development Strategy is being forged at a time when the international rules-based system is being challenged. Political elites in developing countries are picking and choosing what will work for them to maintain power as China and Russia project alternatives to liberal political systems. Models of international co-operation that have held since Bretton Woods are being challenged by state-sponsored direct investment in infrastructure and extractive industry (China, Turkey). These bring new tensions to the dynamics of aid diplomacy.

#### 1.2 How should the UK respond?

The International Development Strategy (IDS) is an opportunity to reset the UK approach building on the strengths of a new Department which brings the ex FCO's understanding of *politics and power* together with ex DFID's understanding of *institutions* and how change happens.

The IDS should start with what has been learned:

- (i) Development is a political rather than a technical process. Historically, sustainable poverty reduction has been achieved when coalitions of different interests in a country press for changes that redistribute power and wealth more equitably.
- (ii) While the ability of FCDO to influence these internal processes of change will be at the margins, diplomacy and development can help nudge institutions in a more open, inclusive and tolerant direction.
- (iii) The FCDO should watch for unintended consequences. In more authoritarian or predatory states, aid can sometimes take the heat out of the social contract, fuel patronage and provide international legitimacy to illegitimate regimes. In more open political systems, it can undermine political accountability by removing the discretion of elected leaders through earmarking funds to deliver 'results'.
- (iv) The UK should be humble and guard against promoting 'perfect institutions' or a Westminster model. Instead, FCDO should privilege a deep understanding of context and how the UK, with its limited resources, can influence the kinds of changes that will ensure the country's own resources are used for poverty reduction.

- (v) Inclusive growth is a (if not the) critical driver of poverty reduction. However, development assistance can unintentionally underwrite unproductive, unsustainable investments. The IDS should consider innovative financing models that can attract private sector funding.<sup>1</sup>
- (vi) The UK public's growing appreciation of supply chain issues around corruption and abusive labour practices has raised the visibility and associated reputational risk for UK trading partners. Smart audit and monitoring systems supported by the private sector will be an increasingly important part of the solution.

## 2 What could success in 2030 look like in terms of meeting the needs of the poorest and most marginalised and increasing opportunities for countries to become self-sustaining?

The IDS offers the UK an opportunity to reaffirm its commitment to the 2030 Sustainable Development Goals which provide a comprehensive, measurable and time bound assessment of progress against the UK's major focus areas: climate action and green growth, girls' education, pandemic response and open societies – as well as secondary focus areas for the UK, such as effective governance and inclusive growth. At the highest level, the SDGs should serve as the measure of success for the UK's aid programme in 2030.

For success to be realised, the IDS should focus as much on the 'how' FCDO works as 'what' the FCDO delivers. The IDS and upcoming business plans should incentivise the **design of 10-year strategies** which look at building long-term partnerships with countries based on mutual accountability.

As we have learnt from the experience of Australia, Canada and New Zealand, this will allow the UK to both communicate the FCDO's value better to the British public, and achieve a greater return from its aid and diplomatic efforts overseas.

The process could usefully include four elements at the country level:

- a. A **'problem analysis'** – understanding each country's unique history (including the UK's historical role), how economic and political power has evolved and what the underlying problems are in terms of UK interests such as trade, investment, reducing poverty and inequality, mitigating conflict, and providing more citizens with a greater political, social and economic stake in society.
- b. Clear **strategic choices** – which sets out options and trade-offs between the diplomatic and development views. The choices should be driven by the context and what is realistic, long term and where the UK has a comparative advantage. All the while making the distinction between 'shared values' (which cannot be assumed) and 'shared interests' where there may be scope for partnership.
- c. Implementation which places a **premium on the technical quality of aid and the FCDO's long-term diplomatic engagement**. As Stefan Dercon (FCDO's now Policy Adviser) warned in 2019: "Much of the current use [of ODA] across Whitehall (and to some extent in DFID) has become based around transactional aid relationships ("short-term deals") that make us look more like the French or Chinese overseas engagement but whose long-term benefit is less clear."<sup>2</sup>
- d. A **portfolio-level monitoring, evaluation and learning system** which emphasises operational independence, rigorous evidence, purposeful experimentation and learning from what does and doesn't 'work' and why. This should include country-level external challenge panels and independent research to test FCDO's assumptions and assess impact. FCDO already has a number of Mission-level portfolio monitoring approaches in place – such as the PMEL programme in Nepal<sup>3</sup> – which it could take to scale.

<sup>1</sup> See the FCDO-funded SOAS [Anti-Corruption Evidence](#) (ACE) programme.

<sup>2</sup> Stefan Dercon, 'DFID: better through deeper engagement', 20 May 2019.

<sup>3</sup> Abt Associates '[Achieving strategic integration for the Foreign, Commonwealth and Development Office: is a portfolio approach the answer?](#)' 7 August 2020

In terms of UK engagement with International Financial Institutions, the UN and major global funds for health and education, the FCDO should preserve and build on the UK's valued role in supporting reform and institutional effectiveness of multilateral aid, policies and organisations.

### 3 How and where can Government work on development best support the UK's wider strategic objectives set out in the Integrated Review?

The UK has a strategic choice in the balance it strikes between using its development programme to respond to immediate threats to UK interests overseas (e.g. short term public diplomacy projects) versus tackling the deeper but more intractable drivers of conflict, inequality and economically and fiscally unsustainable growth.

Our overarching message is: **focus the majority of aid and development on the long game – tucking in behind endogenous drivers of positive change and ensuring the country's own resources are used for poverty reduction.** Develop and use country and regional strategies to address the causes, not symptoms, of threats to the UK's interests overseas. Do not be drawn into only using aid to transact short term diplomatic or trade outcomes (e.g. buying PPE equipment vs also investing in pandemic preparedness).

If designed and delivered according to a strategic, long-term (10 year +) agenda – the UK's aid programme can become one of its greatest comparative advantages in Africa and the Indo-Pacific. There are six ways to achieve this:

1. **Preserve the UK's globally respected technical development expertise and end the structural inequality which limits the careers of staff hired in the countries where FCDO works.** The FCDO has world class diplomatic expertise matched by unrivalled depth of technical development know how. The experience of other aid agencies following integration (notably Canada and Australia) is that development was seen as secondary, and this precipitated a huge departure of technical specialists. In all countries effective aid strategy, delivery and diplomacy will increasingly depend on opening up senior leadership positions to staff from the countries where FCDO works. Right now, career progression and opportunities are limited. With few exceptions, country-based staff, do not have opportunities to work in third countries, London or East Kilbride. Unfortunately, this replicates the kind of structural inequality we should all be challenging.
2. **Focus on the four core drivers known to determine growth, political transition and stability: effective governance and economic reform, service delivery, equality and environmental protection including disaster preparedness.** Conflict is lower, GDP and trading capacity is higher, and political systems are more open when (i) women and vulnerable groups participate in public and private life (ii) countries have strong preparedness, emergency warning and response systems (iii) states have the capacity and legitimacy to manage budgets, include citizens in decision making and enforce rules over its borders, and (iv) when health and education systems are strong and effective, leading to better health and employment outcomes for people.
3. **Establish long-term, flexible partnerships in every country that focus on the problems partner governments want to address.** Partners do not want to be told that UK aid is being provided in the UK's interests. They want to know that the UK is a reliable partner who will provide aid over decades (not just years), adapt and respond their aid to changes in their priorities, and who will focus on the key issues in their development plans.
4. **Take a differentiated approach to lower income and fragile contexts, as opposed to middle and upper middle income economies.** In fragile or low-income contexts the UK may need to supplement government capacity and support direct delivery of essential services; whereas in higher income countries the focus is on helping partners mobilise their own domestic resources. The caveat to this is that any investment in direct delivery by UK must be accompanied by a clear transition plan. Otherwise, the UK risks entrenching itself in expensive, long-term state building endeavours.

5. **Refocus the aid programme on the Indo-Pacific, but not at the expense of Africa.** Global poverty is concentrated in sub-Saharan Africa, the Middle East and parts of Central Asia and the Pacific Islands. Asia is also the locus of growth, technological innovation and geo-political power. Thus, while it is in the UK's interests to *concentrate* aid by sector, it is in the UK's interests to *spread* its aid over several regions.

#### 4 In what area of international development does the UK have comparative advantage, particular interests, or is best placed to deliver?

There are three areas where the UK has a comparative advantage in international development:

- 1 **Domestic UK expertise in key public policy areas that partners overseas are struggling with.** In particular: public health policy, deliberative democracy and institutional change, rule of law and judicial systems and innovative financing. In these areas, the UK is flush with leading academic institutions, public policy expertise (e.g., exchange between MPs on how to manage the political-bureaucratic interface), and lived implementation experience (e.g., roll out of the NHS). The UK's partners overseas want access to this thinking, expertise and advice: in particular the middle-income nations of the Indo-Pacific. In order to mobilise this expertise, the UK will need trusted implementing partners to help broker the relationship between its domestic agencies and those overseas (for example; how Australian Treasury and Finance agencies support economic reform in Papua New Guinea<sup>4</sup>).
- 2 **Rigour and quality of its existing aid programme:** other donors look to the UK as the global leader in development thinking and innovation. Unlike donors such as Australia, which has largely privatised its aid expertise, the FCDO still has global experts and research partners who can help government fully integrate the aid programme within HMG objectives. For example, the FCDO-designed Good Governance Fund in Ukraine, is supporting the UK to play a leading role in the region by helping Ukraine forge a new energy strategy, mitigate conflict in the Donbass region and create an enabling environment for small and medium-sized businesses to flourish.<sup>5</sup> Retaining select economics, political governance and service delivery skills; as well as support for UK research partners, will allow the UK to set and deliver on a long-term strategic, integrated agenda for the aid programme. Without this expertise, as we have seen in other cases, the UK aid programme will become overly transactional and may miss opportunities to secure long-term UK national interests.
- 3 **A perceived neutrality in the Asia-Pacific.** Even though the UK has Commonwealth relationships in the Asia-Pacific, it has the advantage of being perceived as a relatively new entrant to the political landscape. Where and how the UK makes its first investments and engagement will be critical. If the UK is able to build productive relationships with a range of donors, public and private actors, and position itself as a neutral supporter of partner development plans, it may be invited into policy discussions whilst other partners with more pointed geopolitical agendas will not. To do this, the UK would need to exercise patience: chose to work through trusted third parties who have long-standing relationships and presence in the Pacific Islands, Indonesia, South and Southeast Asia; listen and take time to align to national government agendas; commit to long-term, predictable aid financing; and send the best UK representatives and expertise to the region to work alongside partners.

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<sup>4</sup> This is through the PNG-Australia Economic Governance and Inclusive Growth Partnership, funded by the Australian Government and implemented by Abt Associates.

<sup>5</sup> [The Good Governance Fund – Managed Fund Technical Assistance](#) implemented by Alinea and Abt Associates.