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## TAA'S COMMENTARIES ON DFID'S BILATERAL & MULTILATERAL AID REVIEWS

### Background

In December 2016, DFID published two reviews of its aid policy, one for bilateral and one for multilateral aid. The All-Party Parliamentary Group on Agriculture & Food for Development (APPG-AFD) asked its sponsors, including TAA, to comment on these reviews as a prelude to tabling questions in Parliament (see pages 9-10 below). TAA subsequently sought comments from its membership prior to putting in a collective submission. Seven responses were received, including those from the two members who comprised TAA's 'DFID Aid Review Committee', Martin Evans and Terry Wild. Unfortunately, because APPG brought forward its deadline for submissions to mid-January (instead of the end of January), one response was received after the Committee had been obliged to submit its commentary to APPG. This response, from Jim Ellis-Jones, is therefore included in this article as well as TAA's collective submission prepared by Martin Evans.

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### Collective Commentary on DFID's Bilateral and Multilateral Development Reviews 2016 (Martin Evans)

#### Purpose

1. APPG has asked TAA for its response to DFID's *Bilateral Development Review 2016* [hereafter abbreviated to 'BDev'] and *Multilateral Development Review 2016* [MDev], both published in December. This commentary on the reviews has been prepared by a small sub-committee of TAA's Executive Committee and takes account of a number of comments made by other members of TAA. It has not been reviewed or endorsed by the Executive Committee and, as such, does not represent TAA's 'official' view. Nevertheless, it is offered to APPG as a commentary written by TAA members.

2. This commentary restricts its substantive observations to those aspects of BDev and MDev that directly relate to agriculture and nutrition. Brief summaries of the Reviews are given first in order to put TAA's specific comments in context.

### BILATERAL DEVELOPMENT REVIEW (BDev)

#### Scope of the Review

3. BDev is a high-level policy statement, concerned with setting out the key objectives for UK bilateral aid and the principles that will govern its design and delivery. This means that it cannot go into any topic in much detail and must be selective about what is included. BDev is bold in its ambition and wide-ranging in terms of proposed actions. There are 23 key messages about the intended focus of DFID's work, grouped into six categories:

- **Tackling the great global challenges:** improving health, creating jobs for the long-term displaced, and using technology to fight poverty.
- **Driving economic development:** opening up international markets for the world's poorest people, boosting investment in the poorest countries, developing energy, infrastructure, manufacturing and commercial agriculture, supporting the political and institutional foundations of prosperity, and championing new approaches to development finance that directly link people around the world.
- **Investing in people, leaving no one behind:** delivering the UN Global Goals, ending modern slavery, improving the lives of the disabled, leading support for girls and women, and putting children's welfare centre-stage.
- **Making international humanitarian responses more effective and efficient:** standing up for universal values and humanitarian principles, reforming the world humanitarian system itself, championing a new approach to the refugee crisis, helping those at risk insure themselves against natural disasters, and building a bigger, better, and faster humanitarian response.
- **Maximising the impact of taxpayer's money:** pushing for greater global transparency, expanding 'payment by results', and using reason and evidence to ensure aid is as beneficial and cost-effective as possible.

- **Target aid to where it will do most good:** for example, to the Middle East, the Sahel and Africa's 'Arc of Instability with 50% of DFID spending going to fragile states and regions, and supporting the multilateral development system while linking funding to the system's reform and impact.

4. BDev puts much emphasis on the importance of open *processes* for efficient, effective and accountable bilateral aid, with a vision of a world of open economies, governments, aid itself, politics, global institutions, trade, societies, technology, and results and outcomes.

5. BDev reaffirms the UK Government's commitment to spend 0.7% of national income on official development assistance.

### Policy on Agriculture and Food

6. **View taken of agriculture's contribution** As the Secretary of State makes clear in her forward to BDev, DFID's most urgent task is to help to defeat poverty. However, while there are scattered references to agriculture in BDev (as there are also to manufacturing, infrastructure, health, education and other economic 'sectors'), there is no overt recognition of the crucial role of agricultural development in reducing widespread poverty and, historically, of its singular effectiveness in doing this. It may be noted in this context that 'no poverty' and 'ending hunger' are the first and second, respectively, of the UN's Global Goals (as indeed BDev acknowledges). The contribution of agricultural development to achieving these is implied rather than spelt out.

7. **Importance attached to commercial agriculture** To the extent that agriculture is mentioned in BDev, it would seem that UK bilateral aid will focus on *commercial* agriculture and related processing. This emphasis on agribusiness and connecting farmers to national, regional and global markets is consistent with the very significant expansion of CDC's role envisaged by BDev. In the past at least CDC had a substantial portfolio of investments in commercial agriculture and agribusiness. Stronger links between DFID and business in general is also called for, with foreign direct investment seen as a "key driver of growth in labour-intensive sectors such as agriculture and manufacturing", with trade deals boosting exports from these activities.

8. The theory of change behind this emphasis on commercial agriculture is suggested by the stated aim of "helping the poorest countries get on the road to industrialization, so they can follow the path out of poverty taken by many nations in Asia ... " It is certainly true that increasingly productive and market-oriented agricultural growth laid the foundations for strong overall economic growth in much of Asia.

9. However, this begs the question of what UK aid will do, or not do, for the large number of poor farming households for whom there is no realistic prospect of making a decent living out of commercial agriculture. This may be due to the poor natural resource endowment at their disposal or the uneconomic cost of connecting them to markets. This question was directly addressed in the previous year in *DFID's Conceptual Framework on Agriculture* (November 2015). This adopted the useful distinction between farmers who were just about 'hanging in' in terms of maintaining some sort of farming livelihood, those who had little option but to consider 'stepping out' of farming altogether, and those more fortunate farmers who had, or could be given, the opportunity to 'step up' to a more rewarding agricultural occupation. It would have been helpful for BDev to indicate where it stands on this approach to agricultural and rural development assistance.

10. **Importance attached to better nutrition** Better nutrition is mentioned a number of times as an important goal; indeed BDev maintains that DFID leads the world on nutrition. There is a reminder that Government is already committed, through its 2015 manifesto, to improve nutrition for 50 million people. However, it is not clear how much importance is attached to increasing poor farming households' capacity to grow their own food, particularly nutritionally-beneficial crops and livestock, as opposed to trading product to buy in food.

11. **Importance attached to 'climate-smart' responses** There are several references to climate change, including one about shocks to agriculture and the need to make "smart choices about resource use" and a more resilient agriculture to help farmers cope with uncertainty. BDev also says action will be taken to prevent deforestation and to support sustainable forest management.

12. However, there is limited reference to agro-ecologically sustainable farming systems, including conservation agriculture and agro-forestry, which can reduce reliance on cash inputs such as inorganic fertiliser. While this lack of specificity is perhaps not surprising in a high level policy statement, mention could have been made of the importance of ensuring that critical agricultural resources such as good quality soil and water are not depleted or degraded.

13. **No reference to importance of supporting training at UK universities** Engendering like-minded thinking on development among the recipient countries of UK bilateral aid is greatly facilitated by the provision of scholarships and bursaries for study at UK Universities. Given the emphasis on reason, evidence, liberal approaches to politically difficult issues and good governance in BDev, it is surprising it does not make more of this powerful tool.

#### Visibility of Agriculture in BDev

14. Of the 30 or so text boxes in BDev, four include references to agricultural matters, in two cases (innovation in AgResult and nutrition) exclusively so. This, together with references in the main text, represents reasonable exposure for agriculture, given the inevitably broad sweep of BDev across the whole subject of UK bilateral aid for development.

### MULTILATERAL DEVELOPMENT REVIEW (MDev)

#### Scope and Findings of the Review

15. MDev systematically assesses the performance of 38 multilateral institutions that the UK funds through DFID, which is one of the largest donors to the multilateral system. Value for money, risk and assurance, transparency and accountability are among key criteria used. MDev is said to require higher standards of institutional performance than the previous multilateral aid review in 2011.

16. The institutions are scored on the basis of two indices: (i) 'match with DFID's development and humanitarian objectives'; and (ii) 'organizational strengths'. The results are summarized by grouping scores into the four categories of 'weak', 'adequate', 'good' and

'very good'. Only three institutions, one being the World Bank, make it into the best-performing category. About one third are grouped in the middle, scoring 'good' on both indices. Among these are IFAD, FAO and WPG, the only institutions wholly concerned with agriculture and food. FAO is singled out for praise, having improved significantly since DFID issued a formal warning to FAO following the 2011 review. MDev says that FAO now has " ... a clearer strategic vision and reports on results, it has modified its management structure and delivered significant efficiency savings ..."

#### Going Forward

17. To accelerate results and maximize value for money, MDev says that DFID will push for five key changes across the international system:

- **Targeting resources for maximum impact**

The World Bank, for example, will be pressed to shift the share of its non-concessional lending more towards lower middle income countries. This is consistent with DFID's longer term aim to reduce developing country governments' dependence on aid.

- **Building a truly transparent, efficient system**

This would include, for example, the requirement to publish all spending over £500, as DFID currently does, and much greater use of beneficiary feedback mechanisms.

- **Working together to achieve results**

Multilaterals will be judged on how well "they work with others to pool resources and achieve shared objectives, instead of competing for profile." In this context, MDev notes that IFAD, FAO and WFP are all based in Rome and should consider potential efficiency gains from collaboration.

- **A transformed humanitarian system**

Development agencies need to invest more in disaster resilience and preparedness, including innovative insurance schemes. A major change is also needed in how the system responds to protracted 'crises', including refugee problems.

- **Open and more productive economies to create employment** Multilaterals will be required to report on the amount of private finance they catalyse and on their support in improving economic activity, particularly in the non-agricultural economy. All institutions will have to promote climate-smart development in line with the Global Goals and the Paris Agreement.

18. DFID will drive change through the widespread use of performance agreements with the multilaterals. Emphasis will also be given to building coalitions – around specific themes where progress is slow - with like-minded and influential countries, international partners and with reformers within multilateral agencies.

### **An Omission? No Reference to Funding CGIAR**

19. No mention is made in MDev of the Consultative Group for International Agricultural Research (CGIAR), which DFID has been funding through significant contributions to a multi-donor trust fund. Nor is there any reference to CGIAR in BDev. This is despite the prominence it gives to the fact that half the wheat planted in the world has benefited from research to produce higher yielding and more resilient wheat varieties – research supported by DFID. The scale of this suggests that it does indeed refer to the long term funding of CIMMYT, one of the leading CGIAR centres, but it is curious that this is not made explicit.

20. In October 2016, DFID published its *Research Review*, in which agricultural research features quite significantly. Again, though, there is no reference to CGIAR. Agricultural research, as all three Reviews quite clearly recognize, is fundamental for continuing the drive for higher, sustainable productivity in farming and for providing crop varieties and animal breeds that can help farmers cope with the challenges of climate change. CGIAR is a huge part of this international effort and it is odd, to put it mildly, that these DFID policy statements are silent about both CGIAR's role and the UK's support for it. This is especially so given that CGIAR has nearly completed a very long process of systemic reform that was initiated in large measure by DFID.

### **EU Agency Funding Post-Brexit**

21. MDev briefly notes that the UK's decision to leave the EU will have implications

for DFID's future partnership with the EU bodies included in the Review. How DFID's present £800 million worth of funding of these EU development institutions will be re-allocated post-Brexit is not addressed.

### **Summary of main points from TAA's perspective**

*TAA welcomes these Reviews and commends them for providing clarity about the principles and processes that will govern the design and delivery of UK aid for overseas development in the future. The comments below concern certain aspects relating to agriculture and food that TAA considers merit (more) attention in the Reviews.*

#### **Bilateral Review (BDev):**

- **The quantitative importance and effectiveness of agricultural development, especially as a necessary precursor to industrial development, to broad-based economic growth could have been made more explicit** (see para 6 above).

- **While the importance of supporting the growth of commercial agriculture is undeniable, BDev is silent about how UK bilateral aid will be used to help those farming households, of which there are many, that face little prospect of making a decent living from agriculture** (para 9).

- **Related to the previous point, it is not clear how far support for non-commercial agriculture is seen as being important to improving nutrition** (para 10).

- **Brief mention could have been made of the importance of conservation farming and agro-forestry in maintaining soil and water resources and the need to support agro-ecologically sustainable farming systems that do not require high levels of cash inputs** (para 12).

- **The importance of supporting training in the UK for the recipients of aid as a means for engendering like-minded approaches to development would have been worth a mention** (para 13).

**Multilateral Review (MDev)**

- **No reference whatsoever is made to CGIAR, which is very curious given that DFID has been a leading supporter of the organization and its international research centres. Their huge contribution to raising global agricultural productivity and rural livelihoods is well established (paras 19 and 20).**

**Individual TAA Member's Commentary -  
Rising to The Challenge of Ending Poverty:  
The Bilateral Development Review  
(Jim Ellis-Jones)**

**Agriculture and the global goals for sustainable development**

- Agriculture can contribute directly to three goals (No poverty, No hunger, Good health) and indirectly to six more (gender equality, clean water and sanitation, good jobs and economic growth, climate action, life below water, -life on land, partnerships for the goals)
- There are some 3 billion smallholder farmers in developing countries often amongst the poorest. Successful small farmers are better able to feed their families, improve their nutrition and thereby health and sell surpluses offering opportunities for agro-processing thereby improving the livelihood of many people.

**Comments on the Review**

Given the above, one might have envisaged a greater role for agriculture in DFID's development review. It is rarely mentioned and not at all in the Foreword from the Secretary of State. In the Review's key messages mention is made of commercial agriculture—"We will drive economic development, creating much needed jobs and opportunities. We will develop energy, infrastructure, manufacturing and commercial agriculture." No mention is made of support for smallholder agriculture in evolving into commercial businesses.

One of the key messages in the Review states - *We will invest in people, leaving no one behind. We will help deliver the Global Goals and implement in full our manifesto commitments on things like health, nutrition,*

*education and water and sanitation. It seems that the agriculture sector may be left behind.*

In the section on "Resilience, climate change and natural resources", the review states - *Smarter choices about resource use, along with more resilient agriculture, will help farmers and businesses cope better with uncertainty.* The statement is to be welcomed but could perhaps be expanded.

The Review recognises that *one of the most intractable problems in agriculture in poor countries is getting successful agricultural technologies out of the lab and in to farmers' fields and that scaling up new technologies require new ways of working.* As such DFID is supporting AgResults to improve the incomes, nutrition and wellbeing of smallholder farmers through the private sector. It is also leading the research and evaluation of AgResults programmes to help strengthen the evidence base and develop best practice. This is welcomed.

**Issues which DFID should consider in their strategy:**

- Providing greater support to take successful research and pilot development projects to a higher level, to maximise the benefits for poor people..
- Ensuring increased collaboration between research and development partners in delivering research outputs to farmers as quickly as possible and at scale, thereby increasing impact
- Focusing strongly on environmentally sustainable intensification of agriculture.

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**PARLIAMENTARY QUESTIONS AND ANSWERS ON THE AID REVIEWS**

Lord Cameron of Dillington, APPG's Co-Chair, tabled two questions. These, and the answers given, are shown below:

**Question:**

*To ask Her Majesty's Government, with reference to the recent Bilateral Aid Review, how they intend to use UK aid to enable smallholder farmers to connect to local, regional and global markets. (HL4967)*

*Tabled on: 24 January 2017*

**Answer:****Lord Bates:**

*Increasing the inclusion of smallholder farmers in markets and improving their incomes sustainably are key objectives of DFID's Agricultural Policy.*

*DFID will deliver this by improving smallholder capacity, productivity and access to local, regional and global markets and by strengthening the markets and businesses that trade with smallholders.*

*For example, our work with AgDevCo is improving smallholder incomes and market access, benefiting 1.7 million people in smallholder families by 2019.*

*Lord Bates, the Department for International Development, has provided the following answer to your written parliamentary question (HL4968):*

**Question:**

*To ask Her Majesty's Government, with reference to the 2015 Conceptual Framework on Agriculture and the recent Bilateral and Multilateral Aid Reviews, how they intend to use UK aid to facilitate transitions from subsistence agriculture to off-farm job opportunities in rural economies. (HL4968)*

*Tabled on: 24 January 2017*

**Answer:****Lord Bates:**

*Increasing the inclusion of smallholder farmers in markets and improving their incomes sustainably are key objectives of DFID's Agricultural Policy.*

*DFID is helping poor farmers to increase their incomes and transition into more productive livelihoods. In Burma, for example, the Livelihoods and Food Security Trust Fund has supported rural transitions for over 1.63 million poor farmers since 2010.*

*In future, DFID will examine opportunities to further improve smallholder capacity, productivity and access to local, regional and global markets and strengthen the markets and businesses that trade with smallholders.*

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