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Setting the Compass for Eliminating World Poverty

The Department for International Development 1997–2003

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Abstract

Created in 1997, the UK's Department for International Development (DFID) had by 2003 become one of the world's most influential organisations in international development. This paper explains how that was brought about through the combination of effective political leadership, wider government backing, the setting and retention of clear objectives behind which growing resources were rigorously deployed, the employment of large numbers of capable and motivated staff, and the effective use of analysis and evidence in advocacy and partnerships with others. This period was one in which the conditions were favourable for global development, and while not all of DFID's efforts to promote international development were successful, much progress was made. DFID's overall contribution to improving the living conditions and life experiences of people in many of the world's poorest countries in these years cannot be quantified, but it is likely to have been significant.

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Setting the Compass for Eliminating World Poverty: The Department for International Development 1997–2003

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Lowcock was a senior civil servant in DFID throughout the period covered by this paper, latterly as director general for corporate performance. Dissanayake was at school. Thanks again to Bernat Camps Adrogue for invaluable research assistance and analysis. (He was in the cradle).

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Introduction

Clare Short's resignation from government in May 2003 was a long, agonised, and drawn-out affair. She had been at odds with Prime Minister Tony Blair over Iraq for the best part of a year, with tempers repeatedly fraying on all sides.[1] The moment of her departure was the nadir of the Blair-Short relationship, making what he said in his immediate response to her resignation letter all the more interesting:

> "*I believe you have done an excellent job in the department [DFID], which has the deserved reputation as one of the best such departments anywhere in the world. That is in no small measure down to you. Our record on aid and development is one of the Government's proudest achievements.*"

No one would have forecast that in May 1997 when the government took office.

Other than Gordon Brown as chancellor of the exchequer, no other cabinet minister under Blair served continuously in same role for as long as Short (1997–2003). She was a dominant force and a powerful personality, and her leadership, sustained as it was over a significant period, made an important contribution to what DFID became, not just while she was there but for long after. She was supported by a department which grew significantly in size and became more effective, energetic, and confident. Crucially, DFID also benefitted from increasing personal engagement from Blair on humanitarian crises and Africa from 1999 onward, as well as growing financial and policy support from Brown. The fact that both the government's dominant figures were enthusiastic proponents of the development agenda was important in ensuring that Short's traumatic departure did not torpedo the department.

Earlier assessments of DFID in this period are full of plaudits. The head of the Canadian International Development Agency wrote in a government report in 2005 that *"ten years ago, DFID was considered a middle-of-the-pack development agency. Today it is generally considered to be the best in the world."* *The Economist* said it was "*a model for other rich countries*." Oxfam described it *as "the best bilateral development agency."*[2]

But what, in fact, was DFID trying to achieve in this period, and how successful was it? In this paper, we consider five questions that, collectively, point to an answer:

1. What were the new department's goals, both for what it could achieve directly, and for how it could use its influence to affect how others acted?

1 Clare Short, *An Honourable Deception?* The Free Press, 2004, gives a full account from her perspective. For a flavour of how it felt from the Number 10 end, see Alastair Campbell, *The Blair Years*, Hutchinson, 2007 (for example 672–4). The tone towards Short throughout occupies a range between (at best) snippy and (more often) excoriating.

2 All these quotes are from Owen Barder, "*Reforming Development Assistance: Lessons from the UK Experience*," Center for Global Development Working Paper Number 70, October 2005, 3 (and, for his sources, 33).

2. How successfully did the department secure and array its resources to achieve these objectives?
3. What influence did DFID have on the UK's non-aid policies affecting developing countries?
4. What impact did it have in international fora?
5. What can we say about DFID's success in these early years? What contribution did it make to global development?

This was a period of unusual clarity in what richer countries were trying to achieve in supporting poorer ones: the OECD's International Development Goals[3] eventually evolved into the Millennium Development Goals, and we will assess both DFID's role in bringing this about and how it went about achieving them.

Across all of this, we draw on three sources of information: primary data analysis, secondary material both contemporary and retrospective, and original interviews.[4]

The paper starts with a general assessment of the international climate in which development was happening in this period. DFID did not operate in a vacuum. The biggest determinant of progress (or lack of it) in every developing country was (as always) the actions of its own government, institutions, and people. The international context, including the formal development-related policies of richer countries and the aid they provided, were only ever a contributory factor.

We conclude that DFID grew quickly in capability, influence, and performance in these early years, justifying Blair's assessment. Foundations were laid that were later built on to improve the lives of hundreds of millions of poor people across the world. The UK by 2003 was playing a bigger role in reducing global poverty than it ever had before. And the scene was set for that to continue for a further decade and beyond.

International context

As the 1990s drew to a close, the UK economy was beginning to recover from the recession of the early part of that decade.[5] The UK economy had contracted by 1.7 percent in 1991, and its performance relative to other G7 economies was sluggish for the five years between 1988 and 1993.

3 See "Shaping the 21st Century: The Contribution of Development Cooperation," OECD Development Assistance Committee (DAC), Paris May 1996. Short and DFID used the terms "international development goals" and "international development targets" interchangeably.

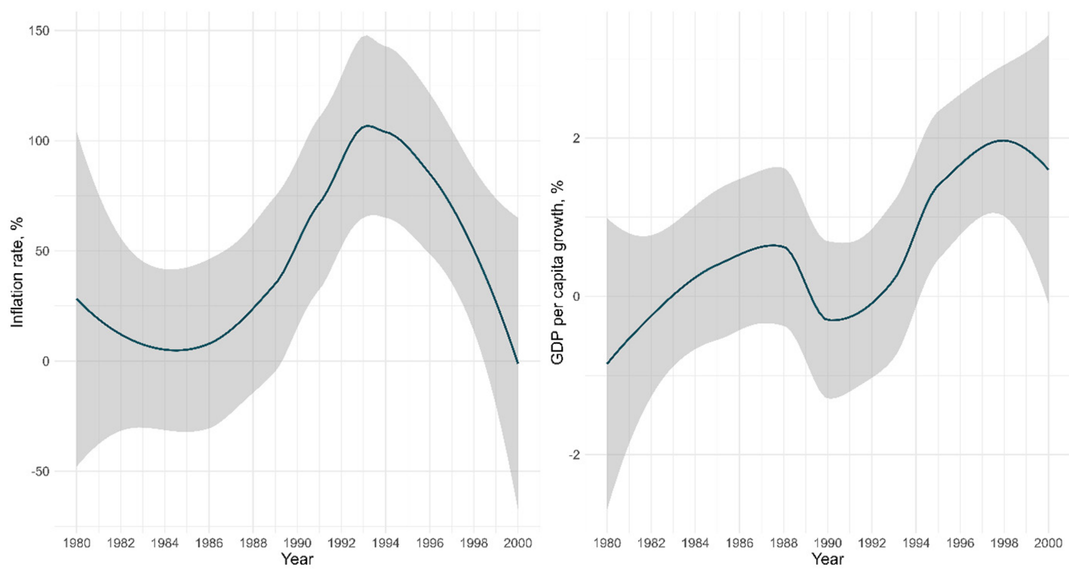
4 We want to record our thanks to Owen Barder, Richard Calvert, Suma Chakrabarti, Mick Foster, Peter Grant, Mark Malloch Brown, Richard Manning, Simon Maxwell, Gavin McGillivray, Clare Short, John Vereker, and Myles Wickstead for interviews and written material. We are particularly grateful to Carew Treffgarne, a long-serving education adviser in DFID who in 2012 and 2013 conducted more than 180 detailed structured interviews with senior and mid-level DFID staff and ministers on their experiences in the department (as well as with civil servants in the Treasury). She kindly allowed us access to her records. These are referenced in footnotes throughout the paper as "Treffgarne interviews."

5 This paragraph draws on data from the IMF's World Economic Outlook (2023) database, accessed on 07/07/2023.

By the time Labour came to power in 1997 and DFID was created, the tide had turned: not only had the UK returned to steady, sometimes rather rapid, growth, but it was beginning (in terms of real GDP per capita) to catch up with its G7 peers again.

It was not just the UK that was emerging from a dark and difficult economic situation. Economic growth and inflation were volatile during the 1990s in most low- and lower-middle-income countries. Figure 1 shows the average, and range, of inflation and GDP per capita growth for sub-Saharan Africa from 1980 to 2000.

FIGURE 1. Inflation and GDP per capita growth, sub-Saharan Africa 1980–2000



Notes: The central line is a local regression showing how inflation and GDP per capita growth changed over time. The grey shaded areas give the 95 percent confidence intervals for this relationship.
Source: World Bank World Development Indicators, accessed through the R package "WDI" on 14/07/23.

Double-digit inflation was the norm in much of Africa, with wide variation—in many countries it reached several thousand percent in some years.[6] Growth veered from boom to bust, and on average, little progress in per capita incomes was made. Indeed, most of Africa experienced negative per capita growth for the first part of the 1980s, and not just then. In Malawi, Zambia, and Nigeria, GDP per capita, adjusted for local purchasing power, declined appreciably between 1990 and the middle of that decade, meaning that the population was becoming poorer in real terms.[7]

6 In 1994, inflation in the Democratic Republic of Congo exceeded 23,000 percent; this data point has been removed from Figure 1 to make the graph more comprehensible.

7 Data taken from the World Development Indicators (accessed 14/7/23). In Malawi GDP per capita PPP in constant 2017 international dollars declined from $937 in 1990 to $875 in 1994 before recovering; in Zambia from $2,290 in 1990 to low of $1,991 in 1994 and had still not recovered by the end of the decade; and in Nigeria from $3,260 in 1990 to a low of $2,895 in 1995 and had still not recovered by the end of the decade.

Most African countries were still burdened by extremely high debt levels, accumulated over the 1970s and 1980s. The painstaking process of agreeing and then executing debt relief packages was still underway in 1997; the Heavily Indebted Poor Countries (HIPC) framework, which promised debt relief from a number of official creditors on the achievement of a set of pre-specified macroeconomic and policy conditions, was agreed in 1996.[8] No country had achieved HIPC "Completion Point" (the point at which their conditions were met and debt was written off) by 1997.

Thus, in 1997, Africa in particular had been characterised for some time by unstable macroeconomic conditions and worsening debt. As we will discuss below, these conditions were easing, and policies that could lead to a substantial improvement in the fortunes of most developing countries were being increasingly adopted; but for the most part, the results were not yet evident. In much of the world, protracted state-based conflicts were only just being resolved. These were not ideal conditions for development, and it showed. The World Bank developed the single measure of worldwide poverty (its famous "dollar-a-day" metric) in the early 1990s, and early estimates of global prevalence of extreme poverty suggested close to 40 percent of the world lived under such conditions of severe material deprivation, amounting to around 2 billion people. This included more than half the population of sub-Saharan Africa (a proportion that was still rising to the middle of the 1990s) and around half the population of South Asia. Extreme poverty, therefore, was the norm in much of the developing world.[9]

The standard of living at such low levels of consumption was very low indeed, and insufficient for the maintenance of a healthy life. It is worth noting that higher poverty lines were also developed at the same time as the dollar-a-day metric, and would put even more people in Asia and Africa in poverty. Nevertheless, especially in the period under consideration, when so much of the world lived below the extreme poverty line, it is useful to focus our attention on it. Increases in income that accrue to those living at the very bottom of the scale have a larger impact on their welfare than those that accrue to those even slightly better off, as it helps them satisfy their most basic needs.[10]

And of course, material poverty is not the only metric by which to judge the lives of the poor. By almost any other indicator one cares to choose—life expectancy, child mortality, maternal mortality, schooling—conditions in both Africa and South Asia were abysmal. In India in 1990, for example, 12 percent of children would be expected to die before the age of 5; in Nigeria, the figure was 20 percent, and in Sierra Leone fully one in four children could expect such a fate. In the same year, the equivalent figure in the UK was less than 1 percent.[11]

8 It would not be until 2005 that the Multilateral Debt Relief Initiative (MDRI), extending the terms of forgiveness to loans from the IMF, the International Development Association (IDA) loans from the World Bank, and those from the African Development Bank, was agreed.

9 See, for example, Our World In Data for a summary of the extent of poverty over time. https://ourworldindata.org/poverty?insight=global-extreme-poverty-declined-substantially-over-the-last-generation#key-insights

10 In economic terms, the "marginal utility" of income declines as income increases. This logic provides the rationale for focusing support on the very poorest people in the world, as argued by (for example) Kenny (2021) "We Should Be Spending More of Available Aid in Poorer Countries, Not Less." https://www.cgdev.org/publication/we-should-be-spending-more-available-aid-poorer-countries-not-less

11 Data taken from the World Development Indicators (accessed 14/7/23).

People living in extreme poverty, in other words, were chronically malnourished, hungry most of the time, frequently sick, rarely completed basic education, and typically died much younger than better-off people.

And while chronic poverty was a slow-burn horror, acute disaster was also common. Famine in Ethiopia and conflict in the Democratic Republic of Congo killed millions in the 1980s and 1990s; the genocide in Rwanda in 1994 was still fresh in the world's memory, with more than half a million people slaughtered in just three months. Many people working on global development believed that such events might be a feature of the landscape into the future.

In fact, the immediate future proved better, in part because of concerted, positive policy action taken from the 1990s onwards that laid the groundwork for improved performance in future years, and in part because there was also immense potential and riches in places that were nevertheless characterised by extreme poverty. By the late 1990s, there was a glint of optimism borne of an improving global economic climate, but also a very concrete sense that the starting point was not good enough. When it was created, the leadership of DFID and the wider staff were aware that there was much to do. In the early years of the new department, much of its work was in defining and prioritising its objectives and rallying global support behind them.

DFID's goals, 1997–2003

Given the state of the world at DFID's creation in May 1997, there were plenty of options for how precisely the department would focus and organise its work. The first task was to clarify what it was going to do.

1997 White Paper

In the UK system, White Papers are presented to Parliament to promulgate major planks of policy for the government as a whole. They sometimes then get embedded in legislation. There had been no White Paper on development since 1975, reflecting the fact that it was not a political priority. Within weeks of the establishment of DFID in May 1997, Short received approval from Number 10 to publish a White Paper covering what the government (not just DFID) intended to do on international development. While she was personally focused on making the main task of her new department the reduction of global poverty, through the achievement of the International Development Goals, this was less clear from the manifesto Labour published for the 1997 election. The manifesto did not mention the OECD report or the International Development Goals, though it did commit Labour to shifting aid resources towards programmes the help the poorest people in the poorest countries.

There was an initial tussle over who should lead the White Paper process: Foreign Office officials tried to argue that as the lead department on foreign affairs and with a key role on the non-aid issues that Short wanted the White Paper to address (trade, investment, human rights etc), they should be in the lead. They got no serious backing from Robin Cook, the foreign secretary, who had other priorities; and Number 10 promptly agreed to DFID leading the work, consulting other departments in areas of their responsibility and interest.[12]

Myles Wickstead, a long-standing senior Overseas Development Administration civil servant who had recently been based in Nairobi with responsibility for the organisation's work in East Africa, was put in charge of a small team preparing the White Paper, but Short was intimately involved throughout, chairing countless meetings and delving deep into the policy detail.[13] She saw the White Paper as a key vehicle for both setting the agenda for DFID and engaging the rest of Whitehall in measures which would support progress in poorer countries, as well as a vehicle for using the UK's international status to mobilise global action.[14]

The focus was unambiguous. It was stated in the title: "Eliminating World Poverty: A Challenge for the 21st Century." The inside front cover included a scene-setting quote from Tony Blair, selected from what he had said during the election campaign in April 1997.[15] Short's foreword summarised the message in two pithy sentences:

> "*This White Paper sets out the Government's policies to achieve the sustainable development of this planet. It is first, and most importantly, about the single greatest challenge which the world faces—eliminating poverty*."

The summary set out 12 "strands," including support for the International Development Goals, a commitment to partnerships between poorer countries and donors, pledges to reverse the decline in UK aid[16] and focus resources on reducing poverty, and an emphasis on development rather than aid.[17]

The White Paper had a strong analytical base. Short was intellectually curious but also believed that facts and analysis would bring others, inside and beyond DFID, along with her vision. The document also had a clear philosophical stance (consistent with the broad ideology of the Blair government). It dismissed both the "*dominant state*" and the "*minimalist state with unregulated markets*" models of development: both states and markets "*are good servants and bad masters*." Instead, a synthesis was proposed, of the "*virtuous state*" which encouraged human development, stimulated enterprise, and created an environment to mobilise domestic resources and attract foreign direct investment.

12 Private interviews.

13 John Vereker, DFID's permanent secretary, with whom Short had developed a strong relationship before the 1997 election, and Richard Manning, the director general responsible for policy, also played important roles.

14 See Dissanayake and Lowcock, "*Why did Labour Create the Department for International Development*," Center for Global Development Policy Paper 295, 2023 for a description of how before the 1997 election Short, with help from John Vereker, the permanent secretary of the Overseas Development Administration (ODA), had developed her thinking.

15 "Together you and I will begin to build the new society. ... and we will give back to our children what they deserve—a heritage of hope." *Eliminating World Poverty*, White Paper on International Development, Cmnd 3789, November 1997.

16 UK aid was lower in in real terms in 1997 than it had been in 1979, and had halved as a proportion of national income. *Eliminating World Poverty*, 35.

17 "This is not just a White Paper about aid. It is a White Paper about sustainable development." *Eliminating World Poverty*, 16.

Some people were surprised that the White Paper was as clear as it was about the instrumental role of the private sector, but Short saw economic growth, trade, investment, job creation and increasing the incomes of the poor as being at the heart of development.

The White Paper contained directional statements which proved totemic and were repeatedly reinforced and built upon in the years that followed. But it also included a number of more specific commitments. One was that the government would consider the case for a new International Development Act, the prevailing 1980 legislation having fallen into disrepute as a result of the Pergau dam scandal, where millions of pounds in UK aid to Malaysia was linked to an arms deal. Another was the commitment that resources would be rigorously redirected towards achieving the development goals in the poorest countries. At the G7 summit in Denver in the summer of 1997, Blair announced, at Short's instigation, that DFID would "*raise by 50 percent our bilateral support for basic health, basic education and clean water in Africa*." There was no new money: the existing budget was redirected to finance that pledge. Similarly, the Aid and Trade provision, an earmarked allocation which was used to promote export deals for British companies, was closed to new applications and the scheme wound up, releasing resources for Short's priorities. A new approach was announced for the Commonwealth Development Corporation (a company fully owned by the government which invested in businesses in poorer countries with a view to promoting development). It would be transformed into a private-public partnership seeking to attract private capital to scale up its activities, with a commitment that the government's share of the proceeds of successful investments "*will be ploughed back into the development programme*." The focus on partnerships with developing countries would involve low-income countries committed to poverty elimination being offered more money, longer-term commitments, and greater flexibility in the use of resources. The stated intent was to concentrate resources where the needs were greatest but the scope for achieving results was also the highest: in other words, those low-income countries prioritising improvements for their poorest citizens.

In another theme that would become a sustained and major preoccupation for DFID over the following 20 years, the White Paper was ambitious and unambiguous in setting out an intent to use the UK's position to influence the multilateral development system: "*Our first priority is to encourage all the multilateral development institutions to strengthen their commitment to poverty elimination.*" The emphasis was on reform, effectiveness and efficiency, and the intent to mobilise the international development system as a whole behind the OECD goals for eliminating poverty.

Strikingly, the section of the White Paper analysing and making new policy commitments on how the UK's non-aid policies could support developing countries, which Short and DFID could seek to influence but did not control in the way they did DFID's own budget, was just as detailed as the section dealing with aid.[18] The scope was comprehensive: it covered trade, market access and standards, debt, investment and other private sector financial flows, agricultural and environmental policies (including on climate change), migration (including the possibility of brain drain, with skilled people

18 *Eliminating World Poverty*, 50–76.

leaving poorer countries), labour standards, intellectual property, human rights, illegal narcotics, arms control, money laundering, conflict prevention and resolution, and the quality of governance (including tackling bribery and corruption). No previous major policy statement by a British government on relations with developing countries had ranged so widely.

The preparation of White Papers in the UK system often sees tense and time consuming inter-departmental wrangles to resolve contentious issues, frequently requiring arbitration from the Cabinet Office or the prime minister's team. Short got drawn into a brief (and from her point of view successful) argument with the Department of Trade and Industry over the abolition of the Aid and Trade Provision, but otherwise there were few rows. (A separate early tussle with the Treasury over responsibilities for Britain's policy on the World Bank was resolved outside the White Paper process, with Short accepting that she would like her predecessors be the UK Governor of the Bank but that the Treasury would retain the bigger prize of selecting the official who would act as the UK's representative on the Bank's board of directors.)[19] So the whole White Paper process was completed in little more than 6 months.

It was launched in Parliament in November. The response of the opposition Conservative spokesman was lukewarm, comprising two dozen questions effectively restating the previous government's views. The Liberal Democrats, on the other hand, were more positive, their main concern being not the content of the proposals but whether they would be implemented. Bowen Wells, the (Conservative) chair of the new cross-party International Development Committee, was effusive, saying that he was "delighted" by the abolition of the Aid and Trade Provision.[20] The Committee conducted a brief enquiry, issuing a positive report welcoming the creation of DFID, its role in cross government discussions affecting developing countries and the fact that, for the first time since the 1970s, there was now a high-level government-wide statement of policy on development.[21]

The wider reaction was also broadly positive. The OECD Development Assistance Committee, in conducting one of its periodic reviews of the UK in 1998, welcomed "*this new foundation for Britain's development policies*."[22] Others thought that it signified that "*the UK now aspired to global leadership on international development issues*."[23] The White Paper "*put on the public record clear statements of the Government's approach*" which "*had a considerable impact*."[24] The Journal of International Development devoted the whole of a special issue in March 1998 to reviews by researchers, NGOs, opposition politicians, and others: most were largely welcoming, with caveats, including that what

19 Private interviews.

20 The record of the Parliamentary discussion at the launch of the White Paper is here https://hansard.parliament.uk/commons/1997-11-05/debates/921ac772-af68-4f25-a417-90ba0c5afefd/InternationalDevelopment#contribution-779385b1-ff32-454f-8d94-4c9b0f995fd5

21 International Development Committee report on *The Development White Paper*, 1997/98 Parliamentary session.

22 OECD DAC Development Cooperation Review of United Kingdom, 1998, https://read.oecd-ilibrary.org/development/development-co-operation-reviews-united-kingdom-1998_9789264162778-en#page13

23 Olivie and Perez (eds), *Aid, Power and Politics*, Routledge, 2020, 76.

24 Owen Barder, "*Reforming Development Assistance: Lessons from the UK Experience*," Center for Global Development Working Paper Number 70, October 2005, 16.

mattered was implementation not just policy intention, and that poverty was more complicated than implied by the International Development Goals.[25]

Short and her senior civil servants wanted to make sure that staff across DFID understood that the White Paper comprised the marching orders for everything they were doing. Hence it included a statement of purpose, which began:

> "*DFID's aim is the elimination of poverty in poorer countries*."

The purpose statement set clear, detailed objectives for the department linked to the International Development Goals.[26]

While the core work of preparing the White Paper was done mostly by a small team working closely with Short, many other staff in the new department contributed analysis and ideas and attended meetings to hammer out detailed content. The buy-in of staff across all grades and disciplines in DFID was unusually high: they believed in the ideas being developed and were enthused by the chance to work on them. The process of producing the document and its promulgation excited and energised them: on the launch day, Short addressed a staff meeting packed to the rafters in the basement of DFID's London headquarters.[27] This was the start of a sustained effort to ensure that the drive to eliminate poverty and achieve the International Development Goals became deeply ingrained in DFID's organisational culture. Short's energy and persistence in pursuing it was rhetorically powerful, but it was also aligned with the values and behaviours of staff: they bought into it intellectually but also morally and emotionally.[28] As John Vereker wrote in 2002, the "*clarity of purpose, rapidly transmitted though the organisation has been a powerful motivating, unifying and guiding force over the last five years*." By then, it was by embedded for the long term.[29]

The import of the White Paper was not primarily in the detailed policy commitments it contained (many of which were successfully implemented, but some of which eventually ran into the sand). Rather it was in the establishment of a clear vision and long-term goals which the government as a whole was signing up to, and which, updated, reinforced and built upon, in fact turned out, as we will discuss in later papers, to be the central driving focus of Britain's development efforts and the mobilising endeavour for DFID for the following 15 years. The 1997 White Paper was, because it set an

25 *Journal of International Development*, "Special Issue: The United Kingdom White Paper on International Development," March/April 1998, 151–276. The cavils irritated Short, who pointed out that she had never said the International Development Goals were the only thing that mattered, just that they did matter, and that it was unfair to criticise her at the moment of the White paper's publication for not being able to prove that in the years ahead it would be implemented. Of course, the fact that the Journal of International Development devoted a special issue to it showed they thought the White Paper was a big deal. (Private interviews).

26 *Eliminating World Poverty*, 19.

27 Treffgarne interviews.

28 Almost all Treffgarne's interviewees refer to this.

29 John Vereker, "Blazing the trail: eight years of change in handling international development", *Development Policy Review 20*, 137.

ambitious agenda which proved to be robust over time, the most consequential statement of British government policy on international development of the last 60 years.[30]

Consolidating the policy focus

Vereker and his senior colleagues at the top of the DFID hierarchy were alive to the need to ensure that, for the policy focus of the White Paper to be given life in the day-to-day work of the new department, it needed to be effectively integrated into DFID's planning and management systems.

They were assisted in this by a new system Brown introduced at the Treasury, in which budget allocations from the finance ministry to each government department were linked to formal published statements ("Public Service Agreements") on the outcomes that would be pursued with the money provided. In this period, three consecutive PSAs were agreed between the Treasury and DFID, as part of the Comprehensive Spending Reviews in 1998, 2000, and 2002 which set rolling three-year departmental budgets for the period ahead. The intent (and effect) of this was to link the Treasury's assessment of DFID performance (and hence, to some degree, future budget allocations) to the contribution the department was aiming to make to achieving the development goals both globally and in a core group of countries in which much of the budget was spent. The outcomes DFID agreed with the Treasury for its PSAs were therefore focused explicitly on progress with the International Development Goals (Table 1).

Both DFID and the Treasury recognised that it was unrealistic to quantify precisely how far progress on the development goals could be directly attributed to DFID's activities. But they deliberately opted where possible for a focus on outcome targets in preference to input or output measures, over which DFID might have more control, because they believed that would reduce the risk of distortions. What they cared about was the outcome: so they decided to concentrate attention on that. They did that in the full understanding that DFID's direct activities may not be the largest factor (or even, sometimes, anything but a relatively small one) in determining whether the outcome was achieved.[31]

30 In a rare if not unique step for a White Paper, summary versions were given away in supermarkets. Short wanted to engage the public.

31 For a detailed assessment of DFID's approach, see Craig Valters and Brendan Whitty, *The politics of the results agenda in DFID 1997–2017*, Overseas Development Institute, 2017. We will come back to these issues when we look at DFID after 2003 in future work.

TABLE 1. Extracts from DFID public service agreements 1999–2006: Performance measures

1999–2002	2001–03	2003–06
At least 75 percent of bilateral country resources to low-income countries (LICs) by 2002.	Increase in proportion of DFID bilateral (non-humanitarian) resources to LICs from 71 percent in 1998/99 to 80 percent by 2002/03.	Increase in proportion of DFID bilateral programme to LICS from 78–90 percent.
Annual increase in GDP/capita of 1.5 percent in top 30 recipients.		Sustainable reduction in proportion of people in poverty in sub-Saharan Africa from 48 percent. Sustainable reduction in proportion of people in poverty in South Asia from 40–32 percent.
Decrease in under-5 mortality from 74 to 70 per 1,000 live births in top 30 recipients.	Decrease in under-5 mortality from 132–100 per 1,000 live births in top 10 recipients of health assistance 2000–04.	Decrease in under-5 mortality from 158–139 per 1,000 live births in 16 key sub-Saharan Africa countries. Decrease in under-5 mortality from 92–68 per 1,000 live births in 4 key Asian countries.
Increase in primary school enrolment from 81–91 percent in top 30 recipients.	Average increase in primary school enrolment in top 10 recipients of education assistance from 75–81 percent from 2000–04.	In 16 key African countries: Increase in primary school enrolment from 58–72 percent Increase in proportion of girls to boys enrolled from 89–96 percent. In 4 key South Asian countries: Increase in gross primary enrolment from 95–100 percent. Increase in proportion of girls to boys enrolled from 87–94 percent.

Notes: The full published PSAs, and data on progress against the performance measures they contain, are in the 2001 and 2003 DFID Departmental Reports Cm5111, 23–24 and Cm5914, 134–40. The point being illustrated is that the PSAs were closely linked to the OECD's International Development Goals and the MDGs, and the performance framework was consistent over time.

The DFID-wide PSA was then linked to the budgets set for organisational units across the Department.[32] The Africa Division, for example, was allocated resources to pursue the development goals in a subset of countries in which it had significant programmes. Senior staff identified other strengths of this approach too: the fact that budgets were set for three years in advance provided more predictability; and the focus on outcomes accompanied by more delegated authority gave DFID country directors more scope to tailor what they did to local circumstances, so strengthening trust and partnerships with the national authorities.[33] The performance framework was cascaded into personal objectives for senior staff and further down to their teams. The intent was to enable

32 These linkages were strengthened when Suma Chakrabarti was appointed director general in DFID in 2001.

33 Treffgarne interviews.

everyone in the department to see how what they were doing linked with DFID's overall objectives and vision, and therefore the achievement of the International Development Goals.

From 1998 onwards DFID also published a series of "Target Strategy Papers" proposing in detail what would need to be done to achieve each of the development goals. Their preparation, generally led by the relevant senior subject matter specialist (the chief health adviser for the infant mortality goal, for example) drew in hundreds of people across the department. Short again was closely involved throughout. The amount of staff time being devoted to this created some internal debate, but the effect was to further reinforce the centrality of the goals in DFID's work.[34]

A second White Paper was published in 2000. The strapline was the same ("Eliminating World Poverty"), but the focus was on globalisation and how it could be made to work for the poorest countries. The origin was partly the failure of the World Trade Organization negotiations in Seattle in 1999, a failure which Short feared would end up hurting poorer countries; she therefore wanted to make the case for integrating them better into the global economy as a means of helping grow their economies and reduce poverty. She argued that "*the wealth and potential of globalisation could be shaped to bring benefits to the poor.*"[35]

This time there was a foreword (not just a quote) by Tony Blair, an indicator of his growing interest in DFID's work. The coverage of the document was again extremely broad, but the detailed commitments this time were more granular and refined, reflecting the fact that (as described below) the department had substantially strengthened its intellectual heft and analytical capacity and wanted to profile new insights it had generated.

Perhaps the most important thing about the 2000 White Paper, though, was what it did not do. It did not change DFID's fundamental purpose: the reduction of poverty and the mobilisation of the international system to meet the OECD goals. As Short put it at the very beginning of her own foreword:

> "*We have spent the last three years working to achieve these objectives. We now have unprecedented consensus—across the UN system, the IMF and World Bank, most regional development banks, leaders of developing countries and the OECD—that the achievement of the Targets should be the focus of our joint endeavours.*"[36]

Short never veered from this laser-like focus. She understood the tendency of development agencies to be diverted by new ideas, fads, and global events. She recognized the importance of repeating the poverty reduction and development goals mantra everywhere and all the time. She appeared never

34 Treffgarne interviews.
35 Clare Short, *An Honourable Deception?*, The Free Press, 2004, 89–90.
36 *Eliminating World Poverty: Making Globalisation Work for the Poor*, Cmnd 5006, December 2000, 7.

to tire of doing that.[37] The first substantive section of the 2000 White Paper was, accordingly, titled "*Reaffirming the International Development Targets*." While there follows a wealth of new analysis and policy detail, it is all vested in that vision.

The 2000 White Paper was admired in some surprising quarters. Jim Wolfensohn, president of the World Bank, asked his staff why they had not produced something as clear, compelling, and well argued on the topic.[38] *The Economist* described it as "*full of good sense and some courageous policy*," saying it made "*a strong intellectual case for global capitalism … as the solution to global poverty rather than the cause of it*."[39] The usual suspects liked it too: the DAC said that, as with the 1997 White Paper, it provided a "*solid basis for the UK's development policy and cooperation, consistent with current good practice in development thinking but ahead of many other donors*," and that it was "*a timely and* impressive document."[40]

In summary, there is no question that the department achieved an unusual degree of clarity in what it was trying to do in its early years. As the DAC put it in its 2001 peer review of the UK, "*DFID has an ambitious and well-articulated policy framework, primarily focused on the achievement of the international development targets*."[41] The mission was well understood and energetically acted on across the department. Little attention was paid across the rest of government to most of this: it was pursued largely inside the department and below the Whitehall radar screen, but that did not reduce its long-term impact.

Resource availability and use

It is unhappily common in public organisations to see a gap between the stated objectives and how money and staff are actually deployed. In this section we examine DFID's experience on that in its early years.

37 As Richard Manning put it in an interview with us: "Clare Short was brilliant at was giving very consistent messaging from the top … she would repeat the same thing ad nauseum. Very effectively. And you could go anywhere in the DFID universe, and they all had the same story." Every one of Short's forewords in the five annual Departmental Reports during her tenure repeated the mantra that the department's raison d'etre was the achievement of the international/ Millennium Development Goals.

38 Private interviews.

39 *The Economist*, 14 December 2000. Some of the detail in the article annoyed Short, who wrote a reply complaining it contained "snide comments on my political views … . The White Paper rejects the market fundamentalism of the 1980s for which *The Economist* was such an apologist." "Ouch," said *The Economist* in a follow-up article. (*The Economist*, 4 January 2001). From today's perspective, the exchange looks one where each side is a bit embarrassed to be told they agree with the other.

40 The DAC Journal, 2001, Volume 2, No. 4, I-13.

41 The DAC Journal: Volume 2 Issue 4 | READ online (oecd-ilibrary.org).

Financial resources

In the first two years of Labour's tenure, the budgets of government departments remained as announced in the plans of the previous Conservative administration. This was a strategic decision taken by Gordon Brown to ensure market and popular confidence in him as a prudent steward of the public purse. Short complained about this, to no avail. But by the 2001/02 spending review, the situation had changed. Continued economic growth and a stronger fiscal position, reflected in the fact that government debt was declining between 1997 and the early 2000s, created scope for increasing spending.[42] As Short put it:

> "*The relationship with Gordon Brown and his senior officials had consolidated and we achieved the commitment to increase our spend from the £2.2 billion we inherited in 1997 to £4.6 billion by 2005/06. This was a rise from 0.26 percent of GNP to 0.4 percent*".[43]

The aid budget was then growing at a faster rate than in most other departments: the DFID share of (rapidly growing) total public spending increased from 0.6 percent to 0.76 percent.

Short and her senior officials adopted and sustained a determined approach to setting priorities within the available budget.

They wound down programmes which were considered marginal for the achievement of the development goals (for example in a range of better-off developing countries in the Pacific, the Caribbean, eastern Europe and elsewhere, where the goals had already been achieved). Short turned down a number of proposals which had been developed under the previous government but not yet approved, including a tertiary education project in Ghana and an electricity interconnector in India, again because she did not think they were central to the development goals. (Working through her red box of ministerial papers at night and during the weekends, she would sometimes scribble "what's this got to do with poverty?" on documents she found unpersuasive. This quickly had a powerful demonstration effect across the department: the secretary of state really meant what she said.) Following the decision announced in the 1997 White Paper to close the Aid and Trade Provision, no new projects were accepted and the resources freed up (amounting to around 10 percent of the bilateral programme) were reallocated. Vereker persuaded Short that DFID should no longer share financing of the British Council's government grant with the Foreign Office, so they transferred £30 million a year to them to cover that. They also divested DFID of the Chevening Scholarship programme, under which foreign students were awarded scholarships to British universities, again transferring money to the Foreign Office.[44]

42 Specifically, General Government Gross Debt was declining as a percentage of GDP during this period, according to the IMF's World Economic Outlook database, accessed on 10/7/23.
43 Clare Short, *An Honourable Deception?* The Free Press, 2004, 90–91.
44 All these examples were mentioned in our private interviews or the Treffgarne interviews.

Some things could not be changed: nearly 30 percent of the total DFID budget was absorbed by obligatory contributions to EU development programmes as a result of multi-year decisions made by the previous government. (In 1996/97 the cost amounted to £614 million; by 2002/03 it was £928 million. The EU share of DFID's budget remained substantial thereafter, but it also fell significantly as DFID's total budget grew.) The department had long found that frustrating, believing that the EU spent too much in the wrong places and did not even do that well enough; with its new status and help from other EU member states, it pursued an energetic and ultimately successful campaign to improve the quality of EU spending and get more of the money channelled to low-income countries who needed them most to achieve the development goals. On the multilateral side, support to the World Bank's soft lending arm, the International Development Association, which focused on low-income countries, was also given priority, which may have helped increase the UK voice in the bank.

TABLE 2. DFID budget 1997/98 and 2002/03

£m (current prices)	1997/98	2002/03
Total DFID	**1979**	**3240**
Of which regional programmes	736	1335
Of which focus countries (a)	357	850
Share (b)	49 percent	64 percent
Total UK ODA	**2332**	**3847**
Of which: bilateral	1609	2365
multilateral	723	1482
DFID share of UK ODA (c)	85 percent	84 percent

Notes: (a) Afghanistan, Bangladesh, Democratic Republic of Congo, Ethiopia, Ghana, India, Kenya, Malawi, Mozambique, Nepal, Nigeria, Pakistan, Rwanda, Sierra Leone, Tanzania, Uganda, Zambia, Zimbabwe. These countries were all low income in 1997, and were prioritised as recipients of DFID development resources (as opposed to humanitarian aid during crises) for most (in many cases all) of DFID 's existence. See Appendix, Tables A1 and A2 for details for the 1997–2003 period. (b) The proportion of regional programme resources allocated to focus countries. (c) The remaining UK ODA (official development assistance) was in most years related to debt relief (which involved no new financial transfer, just an ODA accounting credit at the moment of write-off), Treasury support for the IMF and modest expenditure by other government departments.

Within what DFID could control, a high priority was given to increasing funding direct to developing countries particularly important for the achievement of the OECD goals (Table 2). But the approach was selective: the department wanted particularly to support those countries where they judged there was a high degree of commitment to reducing poverty. The 1997 White Paper had set this out in plain terms:

> "*Partnerships are needed … if poverty is to be addressed … and will require political commitment to poverty elimination on both sides.*
>
> *Where low-income countries are committed to the elimination of poverty and pursuing sensible policies to bring that about, the Government will be ready to enter a deeper, longer-term partnership and to provide … a longer-term*

> *commitment, an enhanced level of resources and a greater flexibility in the use of resources.*
>
> *It is right to concentrate our bilateral programmes on priority areas where the needs are greatest and we can achieve results.*
>
> *There will be some circumstances under which a government to government partnership is impossible, because the government concerned is not committed to the elimination of poverty, is not pursuing sound economic policies or is embroiled in conflict.*"[45]

In those circumstances, help would be offered through alternative channels and "*tightly focused on the victims of neglect and oppression*."

DFID in this period and subsequently focused particularly on low-income countries. With some, there had been a long-standing colonial relationship—but with several, including Afghanistan, the Democratic Republic of Congo, Ethiopia, and Rwanda, that was not the case. DFID used the best available evidence to assess whether the policies of recipient countries were conducive to reducing poverty, and developed its own resource allocation model based on recent academic evidence to inform its decisions on how to divide the resources between countries. This approach reversed the trend of the 1990s, which had seen an increasing proportion of global aid going to richer countries at the expense of the poorer (low-income) ones.[46]

DFID received strong support from the Treasury in all this. They liked the fact that it was evidence-based. Gordon Brown was particularly seized of DFID's proposal in one spending review that 90 percent of bilateral resources should go to low-income countries.[47]

Channels for assistance

DFID, like the Overseas Development Administration before it, was a commissioning organisation. It did not directly hire teachers or health workers in developing countries, or have its own staff procure and then distribute textbooks or drugs. It designed projects and programmes in cooperation with implementing partners, and signed agreements to pay for them. It then monitored progress while they were being implemented, and after that evaluated the outcome.

There were four main categories of implementing partners: developing country governments; multilateral agencies; NGOs (or quasi-independent UK bodies, like university researchers); and private contractors.

45 *Eliminating World Poverty*, White Paper on International Development, Cmnd 3789, November 1997, 38–9.

46 Owen Barder, *Reforming Development Assistance: Lessons from the UK Experience*, Center for Global Development Working Paper Number 70, October 2005, 17. One of the architects of the DFID model was Nick Dyer, now the most senior official responsible for development in the merged Foreign, Commonwealth and Development Office.

47 Lowcock recalls discussing this with him and Short in 11 Downing Street in the final stage of one Spending Review.

DFID was an important and growing source of finance for multilateral agencies. But within its bilateral programmes, it was integral to the partnership philosophy that the department wanted wherever possible, and more frequently than previously, to work through governments.[48]

Short had a clear-eyed view that in order to achieve the development goals and become self-sufficient, low-income countries needed national institutions to deliver public services, develop infrastructure, manage the economy in a way that created jobs, incomes and a growing tax base, and uphold the rule of law. She was willing to take risks in helping with all that in a way that none of her predecessors had been (and few of her successors would be). That meant both that more of the available resources would be channelled government-to-government, and changes in how the resources were delivered.

For much of the previous 30 years, aid money provided direct to governments mostly financed discrete one-off projects: a road here, a hospital there, and a power station somewhere else. The Overseas Development Administration had developed high class skills in designing and executing such projects.[49] Alan Coverdale, briefly the department's chief economist in the 1990s, described the prevailing Overseas Development Administration culture as one which sought the perfect project in an imperfect world.[50] One flaw in this approach was that once the project was completed, the partner government frequently struggled to find the money to maintain and run it. That got worse with the oil shocks, higher interest rates, and reduced commodity prices in the era from the late 1970s, which saw many developing countries build up unmanageable levels of debt and fall into fiscal crisis.

Richer countries reacted by promoting financial assistance from the IMF, World Bank, and bilateral donors to help with the move away from state control to more market-based economic systems. They provided foreign currency to help adjust and stabilise the economy, in exchange for reform. The foreign exchange was paid to central banks, and facilitated expansion of the national budget. That opened up the question of what those budget increases were spent on.[51] Although it was not initially a particularly large financier, the Overseas Development Administration and then DFID was from the second half of the 1990s at the heart of that debate in African countries.

48 Others took a different approach: the US then—as now—provided very little money direct to governments (sometimes just 3–4 percent of the US Agency for International Development's budget). Instead, they largely operated through American technical assistance contractors, meaning that the lion's share of the budget never left the US.

49 We are grateful to Mick Foster, a senior economist in the department in the 1980s and 1990s, for material we are drawing on in the following paragraphs.

50 He died prematurely in his fifties.

51 This is a compressed summary: there were a lot of complex technical issues addressed in this evolution, including in the accounting arrangements, and in how to maximise the likelihood that additional foreign exchange provided through central banks to governments did in practice flow through into higher spending on programmes that would contribute to the MDGs.

The issue was then supercharged by the focus on poverty and the development goals. As Mick Foster put it:

> "*The poor are distributed across the whole country in small communities. They depend on thousands of primary schools and primary health facilities, each with a tiny budget. Most of the spending of these facilities is on recurrent inputs such as salaries and drugs, much of it procured locally. Traditional donor project aid is good at financing large infrastructure investments. It is ill suited to financing a health or education system, and attempts to use a project approach tended to result in tiny islands of excellence in a sea of neglect, with small scale donor projects having negligible impact on the system as a whole, and often collapsing once support ended.*"

Much of the growing DFID budget in the African countries it focused most on from the late 1990s went into national budgets to finance a dramatic expansion of services, especially in health and education, to achieve the development goals.[52]

The department was also trying to address two other issues in doing this. First was the goal of increasing partner governments' ownership. Short and senior officials had heard legion stories, not apocryphal, of how finance ministers in poor countries were spending a lot of their time negotiating aid agreements with large numbers of donors, each bringing their own conditions and preoccupations. (The World Bank was particularly notorious for being very demanding of the time of counterparts.) Over a period of years, DFID pursued a campaign to streamline, simplify and harmonise donor procedures and reduce the burden on counterparts.[53] Second, many donors had also traditionally wanted visible credit for what they were doing, often in the form of their national flags flying over projects they had helped pay for. DFID thought that undermined the accountability link between governments and their citizens, and so was inimical to self-sufficiency and effective development.

DFID was alive to the risks inherent in the greater use of budget support. As Richard Manning commented to us, it meant that DFID ministers were "associated with all spending decisions of recipient governments."[54] But this forced donors to stop shutting their eyes to the lamentable state of public sector financial management and related risks. Corruption and leakage were prominent among them. Annual reviews of spending were conducted by governments and donors, with donors rolling forward their support into future years on the basis of progress being made. Innovative safeguards were developed—for example local publication in newspapers of budgets sent to schools,

52 Ghana, Malawi, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda and Zambia were among the countries benefitting.

53 That was often a time consuming and bureaucratically complex process, for which the expertise, negotiating skills and professional reputation of DFID staff were well suited. In the EU (which was to become one of the leading budget support donors), it involved persuading the Court of Auditors to adjust their approach.

54 Material provided by Richard Manning.

and hotlines people could contact if they did not appear. There was an expansion in technical support to strengthen the capacity of finance ministries, audit offices and Parliamentary accountability systems.[55]

According to one calculation, DFID bilateral financial aid increased about three-fold to nearly £2 billion a year between 2000 and 2005. The share of financial aid going as budget support rather than as individual projects (or a group of projects supporting a broad sector, such as health) increased from an average of 30 percent from 1985–95 to 55 percent from 2000–2010.[56] Moreover, other important donors to Africa, especially the World Bank and the European Commission, did the same thing. For a brief period, DFID was providing around 5 percent of the total national budget in some countries, and donors as a whole sometimes 50 percent.[57] This approach made a huge difference to the financing of the MDGs, especially in their early years. Over time, of course, the idea was that poorer countries would grow their economies and tax base, and finance the bulk of their budgets themselves.

The legal framework

When DFID was created, its budget was voted annually by Parliament under the 1980 Overseas Development and Cooperation Act.[58] Short teased officials that something had to be done about that, given that they had not realised that funding the Pergau dam was illegal. What she most wanted to do, though, was to embed the poverty focus in legislation. It took a while for time to be found in the Parliamentary calendar (and the passage of the first bill was incomplete when the 2001 election was called, so the process had to start again when the new Parliament convened).

The International Development Act became law in early 2002. It is tightly drawn.[59] There are two key provisions. First, Section 1(1) of the act stipulates that the minister (or, in practice, the department acting for them) may provide development assistance as long as they are "*satisfied that the provision of the assistance is likely to contribute to a reduction in poverty.*"[60] Section 1(2)

55 In addition there was as time passed an increasing use of sector budget support, which drew the eye to how well resources were used by line ministries, though in fact many of the same risks arose there.

56 Barrie Ireton, *Britain's International Development Policies*, Palgrave Macmillan, 2013, 85 and 131.

57 See, for example, Table A3.1 in the Joint Evaluation of General Budget Support 1994–2004: Malawi, available online at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/67838/gbs-malawi.pdf. General Budget Support alone approached one-third of the Government Budget in at least one year in this period, and often exceeded one-fifth.

58 It is sometimes thought that all the UK's aid is governed by this legislation (and the 2002 Act that replaced it). That is mistaken: other government departments may spend money in a way which complies with the OECD rules on official development assistance, and so is part of what the UK reports annually as its aid level, but they did (and do) that under their own legislation.

59 For a fuller description, see Barrie Ireton, *Britain's International Development Policies*, Palgrave Macmillan, 2013, 53–4. It is noteworthy that the Section 2 of the Act removes the poverty reduction requirement in respect of British overseas territories.

60 There is another power created by the Act, which was initially rarely used, but became more important later, allowing the department to issue loans, provide guarantees or acquire securities of a company (as well as authorising the core business of making grants).

then defines development assistance as assistance provided "*for the purpose of furthering sustainable development … or improving the welfare of the population*" in developing countries.

In (slightly crude) summary, the purpose must be development, and the effect must be less poverty.

Most attention at the time and subsequently, in the department and elsewhere, was on the poverty focus. In practice, however it was the purpose test that provided the bite. During the Parliamentary passage of the bill, ministers explained that tied aid would be unlawful under the new legislation. Tied aid could in fact help reduce poverty (there's nothing wrong with British-made vaccines, for example). But it would not be plausible to argue that the purpose of tying was to further development or improve the welfare of recipient populations.[61]

The new legislation was quickly stress tested. In mid-2002, the Home Office and some Downing Street advisers proposed that aid to some developing countries should be made conditional on accepting the return of asylum seekers. The context was heightened concern in the UK and the EU over the growing number of asylum seekers from Africa and the Middle East. Short rejected that on principle, describing it as "blackmail."[62] Some of her colleagues, however, were less prissy. The issue became sufficiently charged that the attorney general was asked for a ruling. He confirmed that the proposed conditionality was illegal under the 2002 Act, because it could not be claimed that the purpose was furthering development.

We will say more in later work about other aspects of DFID's approach to resource allocation. That will include more detailed analysis of the approach to financing multilateral agencies, funding for NGOs (where, under Short, DFID revamped its approach, introducing a number of new schemes in an attempt to make funding more strategic and less opportunistic) and growing investment in research and technology for development. We will also delve deeper into some of the sectors in which concentrated activity was needed to support the development goals (including health and education).

For now, however, we have established that DFID was true to its word in concentrating its resources on its espoused priorities, in terms of (i) the countries in which it focused its effort (ii) the way it supported them and (iii) the legal framework put in place to sustain the policy into the future.

61 This interpretation is corroborated in DFID's 2003 Departmental Report. (CM5914, May 2003, 13). Incidentally, the Act does not preclude the purchase of weapons. Short wanted, in the wake of a crisis in Sierra Leone in which armed gangs tried to replace the legitimate government, to have the authority if necessary to do that. Arms purchases do not, though, count as official development assistance (aid) under the OECD rules, so if it were done under the 2002 Act (and so far as we are aware, it never has been), that would not count towards the 0.7 percent target.

62 Owen Barder, "*Reforming Development Assistance: Lessons from the UK Experience*," Center for Global Development Working Paper Number 70, October 2005, 21. (Barder cites Short and the BBC as sources).

Organisational management issues

Political leadership

Clare Short was supported by a sequence of four junior ministers.[63] The ministerial workload was not the same as in some other departments: DFID did not have the volume other departments had of new or continuing legislation for which ministerial time was needed in Parliament; the burden of engagement with the UK public was lower than in departments responsible for public services at home; and there were fewer other countries and international fora to engage with than was the case with the Foreign Office (because most DFID effort was focused on 30–40 countries, compared with nearly 200 for the Foreign Office).

It was clear to all of Short's deputies[64] that their role was to support and reinforce her agenda, and they were broadly happy to do that. George Foulkes was a particularly good foil for her: avuncular, popular, and placatory. Chris Mullin wrote in his best-selling diaries of his admiration for what Short had done.[65] As Hilary Benn put it: "Clare didn't really need a deputy. She was on top of everything. What we did was in her footsteps, and we 'snucked in'." Benn was loyal, hardworking, easy to work with and very well-liked by staff, all of which stood him in good stead when he returned to DFID in 2003.[66] In later phases of DFID's life, the ministerial cohort grew, the individuals were sometimes less collegiate, and more difficulties arose, but in this period there was an impressive degree of political coherence inside the department.

Operating model and performance management

John Vereker had been the Overseas Development Administration's permanent secretary for three years by 1997. He was supported by two directors general as deputies, and a management structure amounting to some 60 senior civil servants below that. He retained essentially the same structure when the ODA became DFID until shortly before he left in 2002. (His successor, Suma Chakrabarti,

63 In the UK system, main departments are generally headed by secretaries of states, who are Cabinet members. They are supported by junior ministers, most of whom are MPs but who also include appointees from the House of Lords. There is a hierarchy: below Cabinet members, there are ministers of state, and below them parliamentary under secretaries of state. All Short's deputies were parliamentary under secretaries of state. (Hilary Benn was unique in serving in all three ministerial roles in DFID). In practice, the influence of junior ministers depends less on rank and more on what their secretary of state decides to delegate to them and how effective they are.

64 George Foulkes from 1997–2001; Chris Mullin for a few months from January 2001; Hilary Benn from mid-2001 to mid-2002, and Sally Keeble from then until shortly after Clare Short's departure in 2003.

65 In his diary for 30 January 2001 he says this: "*I begin to realise what a formidable politician Clare is. Everyone speaks well of her. There is a real sense of loyalty. In three years she has transformed DFID from a backwater, firmly in the grip of the Foreign Office, to an independent department, with its own (expanding) budget, pursuing its own agenda firmly focused on the poorest people in the poorest countries*". And on 3 April, recording a discussion with John Vereker on Short's plan for a third Minister, he said "*there barely seemed enough work for two, let alone three … . He [Vereker] agreed*." Chris Mullin, *A View from the Foothills*, Profile Books 2009, 163, 191. Later, when a minister at the Foreign Office, Mullin described DFID as "a happy Department."

66 Treffgarne interviews.

then changed it.[67]) There were, however, important innovations in the DFID operating model over these years.

First, Short and Vereker agreed, consistent with their vision of more effective partnerships with recipient governments, that decision making should be decentralised, with more authority delegated to DFID staff working in developing countries. The Overseas Development Administration had previously had regional offices, each servicing several countries. Following successful experience with a dedicated country office in India, the model was extended. The two largest regional offices covering Africa were restructured into seven country teams, each based in the local capital so as to be close to national decision makers.[68] Over time, some 40 major country offices were established. Country offices were required to seek approval from ministers and senior officials in London for their overall strategies and for spending commitments greater than £7.5 million or that were novel or potentially contentious, but they otherwise had high levels of delegated powers. (Senior officials in London had delegated authority up to £20 million; commitments greater than that had to go to ministers through the permanent secretary.)[69]

Another reflection of the wider UK public sector reform agenda at this time was a deliberate effort to improve performance management. As the DAC put it in its 2001 review of the UK, "the current government's objective of improving the delivery of the UK's public services has reinforced DFID's attention to the development impact of its activities."[70]

Conveniently, Short's focus on the development goals sat well with the wider government approach, and she was happy to track progress herself, which ensured her officials did so too. She knew setting the target was the easy bit:

> "*Obviously the setting of agreed targets does not of itself deliver progress but it did help galvanise the world and provide a clearer focus for development efforts in each country and at a global level. The world is currently on track to achieve the target of halving income poverty … Progress is being made against other targets, but not fast enough.*"[71]

But there was also an external imperative, in the form of scrutiny from the Treasury, Parliament and the National Audit Office. The decision makers in DFID well understood that performing well against the targets was essential to sustain support. They gained confidence from what independent judges found. In April 2002 Sir John Bourn, Head of the National Audit Office, published a report which

67 We will cover Chakrabarti's reforms in our next paper.
68 While head of the DFID regional office for East Africa from 1999–2001, Lowcock conducted the review that proposed these new arrangements.
69 Ministers did, though, see short concept notes at the beginning of the project design phase so were able to satisfy themselves that what was planned was in line with their wishes. (Material provided by Richard Manning).
70 OECD DAC Journal 2001, Volume 2, No. 4, I-17.
71 Clare Short, *An Honourable Deception?* The Free Press, 2004, 260.

found that "*performance management in the Department had a number of strengths. There was a strong focus on poverty reduction, explicitly addressed in Departmental performance targets. And planning and review arrangements provided a good, if largely qualitative, view of poverty reduction prospects in developing countries. The Department had met, or were on track to meet, most of their performance targets*."[72]

At the project and programme level, independent assessment of the results of DFID projects also confirm a positive story. A 2001 review of more than 1,400 projects from the 1990s onwards concluded that in the year 2000, about 85 percent of projects by value had been successful. That compared with 65–70 percent earlier in the 1990s. A follow-up report in 2004 found that the 2000 success rates had been sustained.[73]

This was also corroborated by sector studies: an analysis in 2001 of health projects found that the bulk of projects were technically well designed and effective, and that they achieved their immediate objectives.[74]

With a government-wide programme of greater transparency introduced early in Blair's tenure, it became even more important to demonstrate that resources were being used successfully to achieve outcomes that were viewed publicly and politically as worthwhile. That required that development policy become more open and transparent. Country assistance plans, setting out how DFID aimed to help each of its major partner countries over the following 3 years, were for the first time published.[75] Institutional strategies covering major multilateral agencies were written and published too. The resultant scrutiny itself fuelled a greater focus on performance. As DFID's reputation grew, interest in its published strategies broadened too, which made them more influential.

Staffing

The staff of the department grew dramatically between 1997 and 2003, partly to create capacity to handle issues not previously covered by the Overseas Development Administration (in particular, non-aid issues like trade and investment) but also to ensure the growing budget could be spent well. Total staff numbers increased from around 1,500 to some 2,800.[76]

72 https://www.nao.org.uk/reports/department-for-international-development-performance-management-helping-to-reduce-world-poverty/

73 Roger Riddell, *Does Foreign Aid Really Work?*, Oxford University Press, 2007, 182.

74 Cassells A and Watson J, "*ODA/DFID Support to Health Sector Reform and Health Sector Management: Synthesis Study*", Evaluation Report EV594, DFID, London 2001.

75 Having previously been written but kept secret, mostly for fear that candid assessments might offend partner governments.

76 DFID annual Departmental Reports contain information on staffing. The figures are however somewhat opaque and can be confusing: staff in scientific units that were contracted out earlier in the 1990s are included in early reports, inflating the figures; conversely staff hired locally into country offices are often not included. We are drawing here and in what follows on that data, and detailed information collected through the Treffgarne interviews.

Most importantly there was a major expansion in the networks of sector specialists—the advisory cadres, as they were known internally. For decades, the Overseas Development Administration had a significant cohort of professional economists, who exerted substantial influence on policy issues. These economists also wielded influence in conducting cost benefit analysis of projects under appraisal to judge whether they provided good value for money.[77] There were also long-standing (if small) groups with expertise in, for example, natural resources, infrastructure, health, and education, as well as a few individuals with a background in various dimensions of governance (such as policing). From the mid-1980s, under the influence of a determined and capable social anthropologist, Ros Eyben, a network of social development advisers was established.[78]

By 2003 the advisory cadres included more than a hundred economists, many of them based in the overseas offices. But they were no longer the largest group: that was now the governance network, a broad school (later split up), with expertise ranging from public finance to institutional management to conflict and the rule of law. A private sector group grew from 3 to 30 by 2003; social development roughly doubled from 40 to 80; and there were corresponding increases in health, education, and the range of other specialisations. Each profession was headed by a chief adviser, who had responsibilities both for policy development in their area and for ensuring and sustaining high standards in the professional calibre of their groups. (Some chief advisers also gained access to substantial programme budgets.) Sector specialists were typically mid-career professionals with post graduate qualifications in their discipline and several years' experience working in developing countries. Most of them were posted to the growing network of country offices. DFID was unusual among development agencies in the breadth and depth of its professional expertise, bettered probably only by the World Bank and (in their discrete individual areas) UN agencies like the World Health Organization. Sometimes described as the "jewel in the crown" of the organisation, the advisory cadres were an important source of DFID's international influence.

The opening of larger numbers of DFID overseas offices brought with it an expansion of locally hired staff. (To the extent that the Overseas Development Administration had had local staff, they were formally employees of the British Embassy or High Commission.) This grouping, however, extended beyond the traditional diplomatic model of support staff: DFID started hiring local professionals, some in senior decision-making roles and in some cases supervising colleagues on postings from the UK. The DAC commended what it described as a "*thoughtful and strategic approach to employing local staff*," noting the rationale was "*achieving a more effective policy dialogue with partner countries*."[79]

The work force was diverse in professional background and nationality. But not in other ways. Like other government departments at the time, the senior echelons of DFID remained mainly white and

77 According to Suma Chakrabarti, among other government departments, only the Treasury and Department of Transport at that time had a comparable economic capability.

78 Eyben, Rosalind (2003), "Mainstreaming the Social Dimension into the Overseas Development Administration: A Partial History", *Journal of International Development*, 15, 879–892 (2003), DOI: 10.1002/jid.1041

79 OECD DAC Journal 2001, Volume 2, No. 4, I-17.

male: just 8 percent of staff in the senior civil service grades in 2002 were from an ethnic minority, and only 16 percent were women. At the mid-levels the gender ratios were better; the ethnic mix (among the UK based staff) was not. This was a growing concern; by 2001, the department had adopted an action plan setting targets for greater diversity at senior levels by 2005.[80]

Significant efforts were made to improve staff management so that the workforce was as productive as possible. DFID achieved accreditation under the "Investor in People" benchmark in 2000, which at the time was in vogue as a way for organisations to test how effectively they were managing their employees. The department became the most popular choice for applicants under the civil service fast stream recruitment programme, attracting many of the most capable young graduates. Senior managers observed the high calibre of new entrants at every level. They believed that the overall quality of staff was increasing even as the department grew.[81]

Culture

The department's culture evolved in a number of notable ways. First, as we observed earlier, there was a very high degree of commitment to the poverty reduction goals: staff were motivated by the department's ambition. Second, expertise and knowledge were prized, generating a commitment to innovation and research. These features also incentivised competition, not all of it productive. Health advisers argued they needed more resources; education staff did the same; and likewise across the professional groups.[82] Third, the strong value-for-money gene inherited from the Overseas Development Administration and reflecting the prominent role of the department's economists, together with the government's commitment to greater transparency, ensured that the performance culture was strengthened. It is not uncommon in public services for the availability of more money to allow marginal activities to be pursued or the agenda to dissipate. The department's senior staff worked hard to avoid that.

Short did not ostensibly play a prominent role in organisational issues. She was suspicious of management fads (especially when they came out of Number 10 and associated bodies at the centre of government). Before becoming an MP, she had been a civil servant, and had a respect for its systems and integrity. She relied on senior civil servants to deliver her agenda. Many staff saw her regularly face to face; she insisted junior staff speak in meetings and her drive and determination conveyed itself to everyone.[83]

80 DFID Departmental Report 2002, Cm5414, April 2002, 90.
81 Private interviews and Treffgarne interviews.
82 Some senior officials go further than this, criticising the professional groups for tending to proselytise for their sectors, with damaging consequences.
83 Private interviews and Treffgarne interviews. Short joked that she had needed to get a larger table in her office to accommodate all the people she wanted in discussions. Clare Short, *"An Honourable Deception?"*, The Freedom Press, 2004, 80.

In the years that followed, more formal tools were developed to assess DFID's capability as an organisation. But it was already clear by 2003 that DFID had thrown off what John Vereker has described as the defensive crouch which characterised the Overseas Development Administration in the mid-1990s. It was a self-confident organisation (a DAC peer review even warned of the danger of arrogance). The organisational culture developed into a virtuous cycle: as the opportunity to do meaningful work grew and DFID's reputation improved, abler people applied for jobs; they contributed to further improving performance; and that attracted still more capable people.

How DFID sought to influence the UK's non-aid policies affecting developing countries

DFID under Short was energetic in trying to influence other UK government policies and action which had an effect on developing countries. The department's levers in this agenda were inevitably weaker than those over decisions Short could take herself, and there were clearer trade-offs with the UK's own national interests. Here we will look briefly at trade policy, conflict prevention and resolution, the UK's approach to arms exports, environmental policy, and asylum and migration.

Short had a reputation, gleefully reinforced by the right-wing press (who were sometimes egged on anonymously by her political colleagues), as a combative politician who actively enjoyed fighting her corner. John Vereker, too, had sharpened his elbows over decades as a Whitehall warrior. DFID in this period has sometimes been portrayed as uncollegiate and unpopular with other government departments, with strained relations with the Foreign Office in particular.[84] There may be something in that, but it can be overstated. Arguments inside departments are often more vigorous than between them. And there were plenty of issues and occasions on which DFID found common cause with other departments. As Owen Barder concluded:

> "*The task of changing attitudes and policies across Whitehall … proved easier than expected: other Government departments increasingly saw the need to build support among developing countries and civil society organisations for their own policies with an international dimension and regarded DFID as a potentially useful ally.*"[85]

Christopher Hill, reviewing the overall track record of the Blair government up to 2001 on foreign policy reached a similar view, saying that "*tensions … have not yet shown up too obviously in policy*

84 Short herself contributed to this impression. See for example Clare Short, "*An Honourable Deception?*" The Free Press, 2004, 78–79. Senior officials from the time also told us they spent more hours than they would have preferred resolving and de-escalating quarrels.

85 Owen Barder, "*Reforming Development Assistance: Lessons from the UK Experience*", Center for Global Development Working Paper Number 70, October 2005, 20. Reinforcing this, one thing that comes out of the Treffgarne interviews is that relations with the Treasury were particularly strong: each side valued the other's respect for evidence, data and analysis.

making … . There have been turf wars but these have mostly arisen from problems of coordination during crises."[86]

All that said, ultimately what matters is less whether the conversations between departments were conducted nicely, but more what they produced. The record is somewhat patchy.

Trade

Throughout the period we are covering here, the UK was part of the European Union. As a result, some of its non-aid policy was not determined in Whitehall. Trade policy was set in Brussels and adopted on an EU-wide basis. As such, DFID's influence on trade policy was doubly indirect: it needed to influence the UK policy position, which in turn needed to influence the EU's negotiating stance. DFID's role in the government's inter-departmental trade group grew steadily from 1998, and by the time of a review completed in 2003, it was a "*major source of expertise*" for the group, particularly due to its ability to commission and undertake research to inform and support policy positions.[87] The EU's own position was mixed. It adopted the "Everything But Arms" (EBA) scheme, which removed tariffs and quotas for the imports of all goods coming into the EU from the least developed countries, provided the goods satisfied the EU's rules of origin.[88] DFID advocated strongly for this scheme and certainly influenced UK policy, and with it added momentum and support to the EBA. EBA is a generous scheme, but faced criticisms for providing preferential access to too many countries, and thus being insufficiently focused on the poor.[89] What's more, even though DFID put some effort into building the capacity of poorer countries to access the EU market, results were modest; though tariffs and quotas were eliminated, various standards and bureaucratic requirements that remained were cumbersome and expensive for poor countries to meet.

Even so, the achievement of EBA was more impressive than anything achieved on trade on the global stage in this period. The Doha Development Round, negotiations launched by the World Trade Organization in 2001, sought to broker agreements to lower global trade barriers, putting the needs of developing countries first; it was a failure. After multiple rounds, talks broke down (largely) over the issue of agricultural subsidies, specifically those of the US and the EU, which—according to many developing countries—constituted a trade barrier. DFID put a considerable effort

86 Christopher Hill, "*Foreign Policy*", in Anthony Seldon (ed), *The Blair Effect*, Little, Brown, 2001, 346.

87 Pedley (2003) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/67939/ev644.pdf

88 These rules essentially set the criteria which must be satisfied for a good to qualify as "from" a country. It requires that the materials constituting a good have been "sufficiently transformed" in a country before the good can benefit from the trade preferences afforded to that country. They aim to prevent a good from a high-income country being routed through a low-income country with little change in order to benefit from tariff or quota-free status.

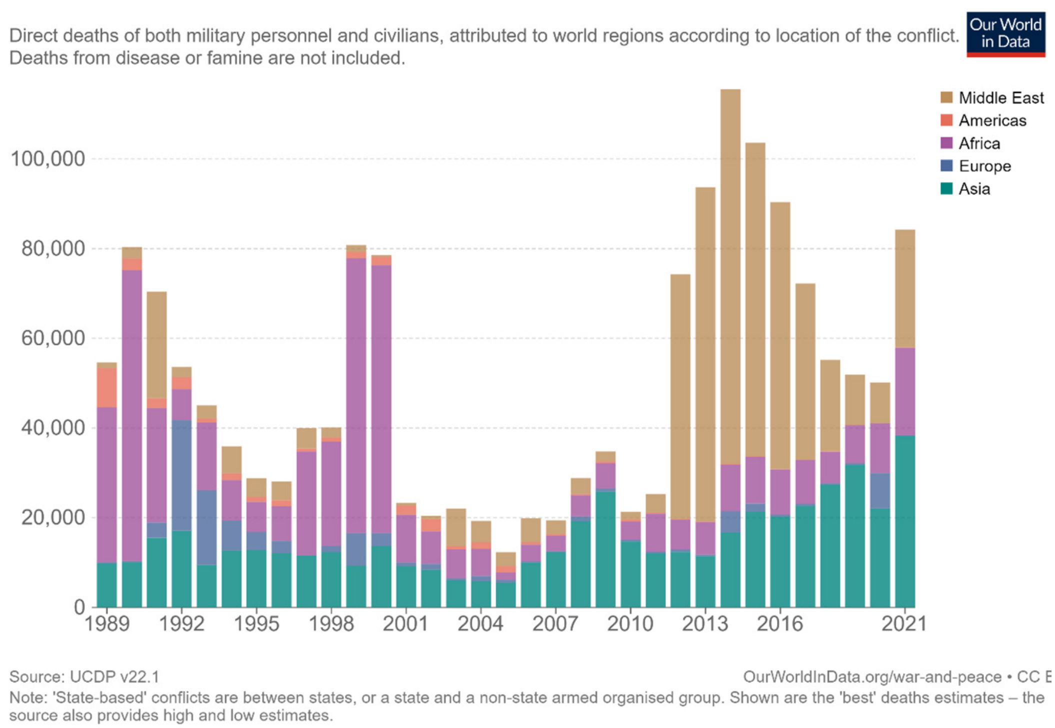
89 See, for example, Page and Hewitt (2002) The New European Trade Preferences: Does 'Everything But Arms' (EBA) Help the Poor? *Development Policy Review* 20(1): 91–102. Their primary—fair—criticism was that the 'LDC' category was too expansive and included relatively well-off countries, since it is not determined solely by income. Since poor countries mainly compete with each other in trade, extending benefits to relatively rich ones would divert trade from the poorest to the less poor.

into the Doha Round, especially in highlighting the need for the least developed countries to see some improvement in their trading conditions, but ultimately, it was a small player in a larger set of disputes.

Conflict and humanitarian response

The Overseas Development Administration had earned a creditable reputation as a quick and reliable provider of humanitarian assistance in disasters and emergencies, including in the (belated) international response to the Ethiopia famine in the 1980s and the Balkan wars of the early 1990s.[90] Humanitarian response had generally accounted for 2 percent of the Overseas Development Administration's budget in the 1980s (though it reached 5 percent in 1985 as a result of the Ethiopia famine.) It increased slightly, as the overall budget was constrained, to 5–9 percent in the early and mid-1990s, and remained around the same proportion up to 2003. That was not, as Figure 2 reveals, because there were more crises. In fact, the decade from the late 1990s saw reductions in conflicts on most measures. Rather, there was a growing international tendency to intervene in civil wars to provide assistance to civilians, so that events that had previously been essentially ignored now attracted a response.[91]

FIGURE 2. Deaths in state-based conflicts by world region



90 See Barrie Ireton, *Britain's International Development Policies*, Palgrave Macmillan, 2013, 99–116 for a fuller description.
91 See Mark Lowcock, *Relief Chief: A Manifesto for Saving Lives in Dire Times*, Centre for Global Development, 2022, 4–8.

We will in later work cover the department's engagement in conflict situations in more detail. At this point, there are two points particularly worth drawing out. First, for much of the UK population who were not greatly engaged in the issues, their consciousness of what the government was doing on international development was fullest when disasters struck. Tragedies, from volcanic eruptions to cyclones to wars, made headlines, which created public expectations for a response. Being perceived to respond effectively and quickly was reputationally important. DFID did not always get that right. In August 1997 it hit the headlines for the wrong reasons when its response to a volcanic eruption on the Caribbean island of Montserrat (which was a UK dependent territory) attracted criticism from the local population for being too mean. That irritated Short. She gave an infamous interview to the political editor of *The Observer* complaining that the islanders would want "golden elephants" next. That inflamed the situation, and the government had rapidly to backtrack. Had this minor debacle not occurred in mid-summer when most of the government was on holiday, the consequences could have been more serious.[92] The mistake was not repeated.

Second, Short was in her early years as Secretary of State exposed to a series of case studies of the impact of conflict on development, including in Kosovo, Sierra Leone and Timor Leste. She took the view (partly from observing ethnic cleansing in the Balkans in the early 1990s) that there was in some cases a respectable argument for international intervention, not least to protect local populations.[93] Blair reached the same conclusion, especially as a result of the Kosovo crisis in 1999. He gave an influential speech in Chicago later that year on the international community's "responsibility to protect" civilian populations, which contributed to the adoption of a UN Security Council resolution justifying intervention.[94]

Short proposed that as part of the 2001 Spending Review a new allocation be created to permit more strategic collaboration between the Ministry of Defence, the Foreign Office, DFID and other relevant parts of government to reduce and resolve conflict. In fact, two allocations were created, a Global Conflict Prevention Pool, coordinated by the Foreign Office, and an Africa Conflict Prevention Pool, led by DFID. Initially, the two pools had a budget of $300 million a year. Some of their activities were classified as development assistance; some were not. Initiatives included programmes for disarming and demobilising armed groups, tackling the trade in small arms, training for the police and army in countries recovering from conflict, and strengthening civilian oversight of the security sector to improve respect for human rights.[95] The approach was novel and attracted interest from other Western countries. It made a significant contribution to strengthening collaboration between arms

92 Lowcock bears part of the responsibility. In mid-August he was at home on holiday while waiting for his next assignment, having just returned from 3 years in southern Africa. He was called one evening and asked to come to work for a few days to design a compensation scheme for the victims of the volcano. Arriving at the office in the middle of the following morning, he was told that he would be presenting his proposals to the secretary of state that lunchtime, so she could announce them the same afternoon. The scheme devised was not sophisticated.

93 Clare Short, *An Honourable Deception?* The Free Press, 2004, 91–102.

94 Anthony Seldon, *Blair*, The Free Press, 2004, 392–407.

95 Owen Barder, "*Reforming Development Assistance: Lessons from the UK Experience*", Center for Global Development Working Paper Number 70, October 2005, 16–17.

of government that needed each other to succeed in their roles but had often struggled to join up. Relations between DFID, the Ministry of Defence and other parts of the UK's national security system notably improved. It is, however, also the case that apparent success in dealing with relatively small problems in places like Kosovo and Sierra Leone may have spawned hubris. The Iraq experience from 2003 speaks to that.

Arms exports

However, successes on conflict (such as they were, and despite the hubris they risked) did not give DFID an equivalent voice on UK policy on arms sales, an area which combined commercial, military, and political sensitivity. The establishment of an independent department did provide the opportunity to elaborate institutional safeguards; indeed, DFID played a direct role in the UK government's export control system, which oversaw arms exports. As the department itself wrote to a Parliamentary Select Committee (in 2007):

> *"As a major exporter of conventional weapons, and a significant provider of development assistance, the UK has a particular responsibility to ensure that its arms exports do not undermine development. DFID works closely with other government departments to do this. The department leads on the assessment of licence applications under Criterion 8, which deals with the impact of the proposed export on sustainable development and the recipient country's economy. DFID also contributes to assessments against the other criteria, particularly when the proposed export might increase the risk of human rights abuses or violent conflict."*[96]

Yet, despite this formal role, the department's actual influence appears to have been small; indeed, the Committee to which this evidence was submitted was investigating, among other things, why Criterion 8 was so rarely used to reject the case for arms sales. While there is an obvious case for getting this system right on human rights grounds, there are also strong development reasons to be careful about approving arms sales where the cost is large in terms of the development work foregone to pay for arms.[97]

These concerns, and DFID's weakness in combating them, were laid bare by the Tanzanian Air Traffic Control (ATC) scandal.[98] In 2002, BAE Systems, a British company, won a bid to provide two radar systems to the government of Tanzania to monitor its airspace. The contract was worth £28 million. Even on cursory examination, the deal was dubious: the system they were buying

96 https://publications.parliament.uk/pa/cm200607/cmselect/cmquad/117/117we08.htm
97 See Chanaa 2005 for an academic treatment of this problem: https://www.jstor.org/stable/4030151
98 A good summary of the situation can be found here: https://sites.tufts.edu/corruptarmsdeals/tanzanias-air-traffic-control-system/

was military and unsuited to the (legitimate) civil purposes it was being bought for. Tanzania was a low-income country with pressing human development problems and an extreme poverty rate most recently measured at 84 percent of the population (in 2000), yet it was paying what was even at the time remarked to be an abnormally high price—not far from 10 times the cost of a typical civil aviation system.[99] DFID was, accordingly, against the deal. Short, as secretary of state, expressed her opposition in Cabinet; according to various accounts she was supported by both Gordon Brown as chancellor and Robin Cook as foreign secretary.[100] Short, in her typically direct style, said that BAE was "ripping off" developing countries and that the deal "stank" of corruption. These objections were overruled, in Short's account by Tony Blair directly.[101] BAE was a significant British firm; in December 2002 it issued a shock profit warning, suggesting it was on somewhat shaky footing at the time. Clearly, DFID's principled objections were no match for commercial and political factors.

In time, Short, Cook, and Brown's reservations would be vindicated. Over the following decade it emerged, thanks to an investigation by the UK's Serious Fraud Office (SFO), that more than one-third of the extraordinary bill for the system was funnelled back to Tanzanian politicians and policymakers in bribes to ensure the deal was approved. The SFO recommended that BAE be prosecuted over the deal; eventually BAE pled guilty to false accounting and making misleading statements in relation to allegations of corruption, agreeing to make global payments of around £300 million, including a £30 million payment for the benefit of the people of Tanzania (which was eventually used to fund the expansion of its primary education system).[102] Though BAE never formally admitted to the charge of bribery (doing so would have resulted in a blacklisting from all future international contracts), it was clear that the deal was deeply unsavoury. If a deal like this, apparent in real time to be inappropriate and shrouded in an air of malfeasance, against which technical and political representations were made at the highest levels, could nevertheless be approved, one must question the effectiveness of DFID's role in policing arms exports.

Asylum and immigration

As with arms, so with asylum and immigration, where domestic political salience trumped development concerns. By 2002, it was clear that migration was an important driver of development. The International Development Committee held a session in 2003/4 on the role of migration in development and how it can best be managed to maximise development gains, drawing on expert

99 Poverty figures taken from the World Bank World Development Indicators, accessed 29/07/23. The suitability of the system was questioned directly by the UN's International Civil Aviation Organization; even in 2002, when the deal was approved, it was noted that a top-class civil aviation system could be purchased for as little as £3.5 million. See: http://news.bbc.co.uk/1/hi/uk_politics/2044206.stm

100 See: https://www.theguardian.com/world/2010/feb/06/bae-tanzania-arms-deal and https://www.theguardian.com/world/2007/jan/15/bae.armstrade

101 Clare Short, *An Honourable Deception?*, The Free Press, 2004, 119–22.

102 See: https://www.theguardian.com/world/2010/feb/05/bae-systems-arms-deal-corruption

evidence and testimony to paint a picture of a policy area where substantial improvements could be made to existing practice.[103] Quoting DFID's own evidence, the report suggested that:

> "*the debate on migration and development is at the stage where the debate on trade and development was ten years ago; people are beginning to say there is a development dimension to migration, but there is a lack of joined-up thinking at national or international levels, and some resistance to connecting the issues*."

Yet DFID's own (nascent) work on migration was nearly totally divorced from UK policy on immigration and asylum, and the IDC report proposed closer working with other Whitehall departments.[104] Over this period, it appears that DFID achieved little to affect Home Office policy, though the lack of action may itself have been a positive outcome for UK development policy.

The IDC report did not suggest that the UK could increase migration from poor countries. It instead suggested that the socially and politically desirable level of migration be set, and then that policy focus on how to improve the quality of migration with respect to international development outcomes. Immigration had not been a major issue in 1997—just 3 percent of the respondents to a survey in that year rated it as the most pressing issue facing the country, less than a tenth of the figure who would say so in 2010—and as a consequence, Labour had little in the way of a concrete policy when it came to power.[105] That changed under David Blunkett, who became home secretary from 2001. Labour's rhetoric around immigration shifted towards emphasising the limits to migration that the government was imposing, and "protecting" communities from too large an inflow of migrants. Looking back at his time as home secretary, Blunkett recalled that "*unlike the Conservatives in the 1950s—who appealed to those from the Caribbean to come to work in our public services—the Labour government did not go out to encourage people to come to the UK*."[106] Asylum numbers, increasing since the late 1990s, began to fall, and in this period we see the roots of the current discourse about "genuine" versus "undeserving" asylum seekers.

Nevertheless, despite pressure, DFID did succeed in defending development policy from becoming a tool for migration policy. Two points should be made. First, DFID was able to see off pressure from the Home Office that aid should be made conditional on any asylum or migration objectives; to this end, the 2002 International Development Act was, as noted in the section on DFID's legal framework

103 As an aside, this report was ahead of its time. Its analysis and findings presage influential academic work published a decade or two later, and the cast of witnesses and those who submitted written evidence was impressive, including future DFID Chief Economist L. Alan Winters.

104 IDC 2004, Migration and Development: How to make migration work for poverty reduction, House of Commons Library, p.11. https://publications.parliament.uk/pa/cm200304/cmselect/cmintdev/79/79.pdf

105 Owens (2010) "Reactive, defensive and weak", in *Immigration under Labour*, ed. Tim Finch and David Goodhart, IPPR/Prospect. https://www.ippr.org/files/images/media/files/publication/2011/05/Immigration%20under%20Labour%20Nov2010_1812.pdf. Owens had been Jack Straw's Special Advisor from 1993 to 2005, covering the period (97–01) that Straw was Home Secretary.

106 https://www.theguardian.com/commentisfree/2015/mar/24/labour-immigration-90s-my-one-regret-host-communities

above, particularly valuable. Secondly, and strikingly given the current context,[107] DFID's influence ensured that the UK took the principled position that resources put towards the sustenance of asylum seekers and refugees in donor countries should not be counted as aid. This was made explicit in a 2000 review of how refugee costs should be reported as ODA undertaken by the OECD's Development Assistance Committee:

> "*The UK has always upheld the principle that the sustenance of refugees and asylum seekers in donor countries should NOT be considered as humanitarian aid … The UK is strongly against extending the 12-month limit for reporting expenditures for sustenance. It would on the contrary welcome efforts to reduce the time limit.*"[108]

Though DFID had little positive influence over UK migration policy, it was at least able, in this period, to prevent migration policy directing development policy. The UK scored poorly on migration policy in contemporary assessments of non-aid policy (of which more below); nevertheless, it could have been worse, and would become so in the future.

Climate and environment

DFID's role on climate and environment policy later grew, but both internally and across Whitehall, in the early years it was modest. Thanks in part to the strong scientific and agricultural cadres in the department, DFID's leadership were acutely aware of the negative effects of environmental pressures on developing countries, and DFID was an active participant in international fora such as the World Summit on Sustainable Development in 2002, which helped establish the increasing emphasis on adaptation to climate change. Still, DFID's focus was very much outward-facing. It engaged on environmental impacts in developing countries and offered support to them, but did not strongly push the argument that domestic action was necessary to mitigate global environmental and climatic impacts.

In part this may reflect that environmental sustainability did not appear to be a particularly strong focus of the Department in its early years. Evidence to Parliament's Environmental Audit Committee from the mid-2000s takes a critical view of DFID's performance to that point.[109] As climate change in particular took on greater policy significance in the following decade, this would begin to change.

107 At the time of writing (July 2023), several billion pounds of UK aid is spent inside the UK on costs associated with hosting refugees.
108 https://one.oecd.org/document/DCD/DAC(2000)22/En/pdf
109 See, for example https://publications.parliament.uk/pa/cm200607/cmselect/cmenvaud/77/7710.htm

When the Center for Global Development published its first Commitment to Development Index (CDI) in 2003, the UK received only middling scores. Its aid scores were generally good, though dragged down by the small proportion of GDP that the UK still committed to ODA. Against this, it scored highly for its focus on the neediest, and was sixth out of 22 donors when ranked for the ratio of its "quality-adjusted ODA" to its total net ODA. But on non-aid, the UK was decidedly middle-of-the-road; it scored below average on migration and peacekeeping[110] and was just about average on almost every other non-aid dimension. The disjunction between the UK's aid and non-aid scores on the CDI would continue to grow in future years, reflecting DFID's success in aid policy as well as its failure to persuade the rest of government to adopt policies more favourable to developing countries.

Influencing the priorities and focus of the international development system

Clare Short was clear before the 1997 election that one of the reasons she wanted DFID established as a department of state headed by a cabinet minister reporting to the prime minister was to maximise her ability to influence the goals, operations and priorities of the rest of the international development system.[111] In this section, we illustrate how DFID pursued this in the years up to 2003, by reference to:

i) The transition from the OECD International Development Goals to the UN Millennium Development Goals;
ii) Debt relief;
iii) New international commitments on increasing aid volumes;
iv) International initiatives to improve aid effectiveness, including through untying;
v) The establishment of new international organisations on global health and public-private partnerships on infrastructure.

From the International Development Goals to the Millennium Development Goals

Through the 1997 White Paper, Short had made the achievement of the OECD International Development Goals the central focus of DFID's work. She was determined—and transparent, including in what the White Paper had said—in her goal that other major donors and multilateral organisations should adopt the same approach. She and her officials understood the UK on its own could not move the dial very far. But they believed that they could influence the international

110 The 2004 CDI, which assessed aid given in 2003, included a more expansive "security" component, and the UK was an extremely high performer on this new metric, pushing it up the rankings.
111 See Dissanayake and Lowcock, "*Why did Labour Create the Department for International Development?*", CGD Policy Paper 295, 2023.

development system as a whole to make the goals the universally accepted global framework for development to which everyone would work.

The process by which the International Development Goals became, with minor changes, the Millennium Development Goals (MDGs) has been well described elsewhere.[112] The strengths, weaknesses and impact of the MDG framework has also been hotly debated, and we will come back to that in later work. Here, we consider the role Short and DFID played in the international negotiations over the four years from mid-1997, which culminated in the authoritative promulgation of the MDGs.

DFID lobbied for the goals all the time, and everywhere.[113] But there were a number of key moments where their advocacy was decisive.

First, the MDGs would not have been adopted without the acquiescence of the US, the world's only superpower then near the height of its international prominence, which had (and often used) the power to veto any UN agreement. The US were in 1997 and 1998 lukewarm about the goal of halving world poverty. The then head of the US Agency for International Development, Brian Atwood, had gone along with it in the OECD discussions. But he ran into opposition from the State Department and US Treasury when, in the preparations for the 1998 G8 summit to be held in Birmingham (where Short was from), the UK made clear that it wanted the summit to endorse the goals as a whole. Short was well regarded in Washington as a capable minister on top of her brief and a formidable operator, and she enjoyed the respect of her American counterparts.[114] Her advocacy, and the fact that the US decided they did not want to offend the UK in Short's home city, was instrumental in the agreement of the language in the G8 communique: "*We commit ourselves … to reach the internationally agreed goals for economic and social development, as set out in the OECD's 21st Century Strategy.*"[115]

Second, if the OECD goals were to be pursued in a meaningful way, they had to be taken seriously by the leading international financial institutions, led by the World Bank and the IMF. From 1998, Short developed strong relationships with three other European women who were also the development ministers for their countries and represented them in the World Bank.[116] For several

112 See, for example, David Hulme, "*The Millennium Development Goals (MDGs): A Short History of the World's Biggest Promise*," Brooks World Poverty Institute Working Paper 100, 2009; and Richard Manning, "*Using Indicators to Encourage Development: Lessons from the Millennium Development Goals*," Danish Institute for International Studies, 2009.

113 Myles Wickstead, then UK Alternate Director on the board of the World Bank, recalls an occasion in 1998 when at a board meeting chaired by Mark Malloch Brown (then a Vice President at the Bank, and shortly to become Administrator of the UN Development Programme), he was invited to take the floor with the introduction: "Next on my list is Mr Wickstead, who will no doubt tell us yet again about the international development goals." But DFID officials were shrewd as well as relentless in the way they pursued the campaign.

114 Christopher Meyer, *DC Confidential*, Weidenfeld and Nicholson, 2005, 77–78.

115 Birmingham 1998 G7 Communique, quoted in Richard Manning, "*Using Indicators to Encourage Development: Lessons from the Millennium Development Goals*", Danish Institute for International Studies, 2009, 87. On one account, Brian Atwood threatened to resign if the US did not agree. (Private interview).

116 Hilde Johnson became the Norwegian Development Minister in October 1997; Evelyn Herfkens (who had been a Director on the World Bank board) the Dutch Minister in August 1998; and Heidemarie Wieczorek-Zeul the German Minister in October 1998.

years the four, known as the Utstein group (after the Norwegian abbey where they held their first extended joint meeting) were a powerful force, especially in the World Bank, the OECD, and the EU.[117] In February 1999, Short and Gordon Brown wrote together to Michel Camdessus (managing director of the IMF) and Jim Wolfensohn (president of the World Bank) calling for a fundamental review to look at the link between debt relief and the International Development Goals. Then, at the 1999 Spring Meeting of the Governors of the World Bank in its Development Committee, the four European ministers coordinated their interventions to push the bank to make poverty reduction the overarching objective of all World Bank programmes. Others on the Development Committee were irritated, especially when the four ministers broke established protocol by refusing to sign off the pre-prepared communique, which they thought did not adequately do justice to their proposals, and forced a continuation of the discussion over lunch. In the end, they had on this occasion to back off, but they had established themselves as a force to be accommodated in future.[118]

By the time of the World Bank/IMF annual meetings a few months later, the management of the institutions had got the message: Camdessus was actively handing out little cards with what he called the seven pledges (the International Development Goals) to everyone. The Development Committee endorsed a paper prepared by the staff of the World Bank and the IMF analysing the goals and how they could be operationalised, noting particularly the advantages of outcome targets compared to input or spending commitments, while also calling for indicators to be developed which could serve as proxies for the measurement of interim progress before 2015 (the target date for achievement of the goals). The Development Committee's endorsement effectively marked the adoption of the goals by the Bretton Woods institutions. The German minister, Heidemarie Wieczorek-Zeul, later wrote of Short's determination and persistence in leading the promotion of the goals in the international financial institutions.[119]

Third, there was the process through which the OECD goals were translated into the MDGs and adopted by the UN General Assembly. Short attached importance to that, reflecting her respect for the legitimacy and universality of the UN. She liked and admired the UN Secretary-General, Koffi Annan (who reciprocated her feelings). From mid-1998, he was thinking about how the UN would mark the coming millennium, and considering what goals could be adopted for global action in the first years of the 2000s. Work was then already underway between the OECD Secretariat, the World Bank and the UN to develop indicators of development progress related to the seven OECD goals. An agreed set of 21 indicators was presented to the OECD DAC Ministerial meeting in April 1998. Short, with Gus Speth, then head of the UN Development Programme, proposed that the DAC Secretariat should "*take the work to the UN*."

117 A full account of the impact of the Utstein group is in Constantine Michalopoulos, *Ending World Poverty: Four Women's Noble Conspiracy*, Oxford University Press, 2020.

118 See for example Michalopoulos, 35–37.

119 Quoted in Michalopoulos, 36. Wieczorek-Zeul called her "*stubborn*" and "*some stubbornness can go a long way*". Short herself said the Utstein group "*enjoyed our battles in the international system*". (Short, 83).

In March 2000, Annan published proposals for a Millennium Declaration including a range of time-bound, specific development goals, some of which were from the OECD goals. In the summer of 2000, egged on by Short, her Utstein colleagues and others, the heads of the UN, OECD, World Bank and IMF put their joint names to a document launched at the UN in Geneva entitled "*A Better World for All*." That marked an important joining together of the UN and Bretton Woods systems, which was essential for Short's goal of getting the international development system as a whole on the same page on the goals.[120] The Millennium Declaration was adopted by the world's heads of government at their annual UN summit in late 2000. It largely validated the OECD goals (though the goal relating to reproductive health was relegated, under opposition from the Vatican, conservative Islamic states, and US evangelical organisations, and replaced with one on HIV/AIDS). And over the following year what became the final version of the MDGs, comprising 8 goals, 18 targets, and 48 indicators was developed, and then published in late 2001 by the UN.

The UN negotiations were complex (as they always are) with many interests to be accommodated. Short and DFID officials followed them closely. She credited the UK's Ambassador to the UN, Jeremy Greenstock, for playing "*a very helpful role*" in the New York machinations.[121] Mark Malloch Brown, who as head of the UN Development Programme from July 1999 was the most influential UN official in the negotiations, has said that "*the British role was critical*."[122]

Short's objective, from the outset, had been the widest possible adoption and endorsement of the OECD goals. She achieved it. Attempts to add new targets and cover all the different interest groups, which are ubiquitous in UN negotiations, led to some dilution of the framework and an excessive list of indicators. But the tight, prioritised, time-bound, and quantified focus of the goals at the forefront of the framework was retained. As Richard Manning, a former senior DFID official and chair of the DAC, summarised it, of the 8 MDGs:

> "*In essence, Goals 1–5 and Goal 7 were based closely on the International Development Goals, Goal 6 (HIV/AIDS) replaced the reproductive health goal, and Goal 8 [which proposed a global partnership for development, with commitments from developed countries] was entirely new … . The key achievement was agreement on a paradigm that had near universal acceptance and covered a large part of the development and poverty agenda.*"[123]

Why was the adoption of the MDGs important? They were different from all previous and subsequent internationally adopted frameworks for global development because they were (a) universally

120 The joint document itself was, however, as Richard Manning recalls, controversial, with NGOs claiming the Secretary-General had sold out to the Bretton Woods institutions.

121 Clare Short, *An Honourable Deception?*, The Free Press, 2004, 89.

122 Private interview.

123 Richard Manning, "*Using Indicators to Encourage Development: Lessons from the Millennium Development Goals*," Danish Institute for International Studies, 2009, 96–7. This paper also includes a more detailed comparison between the International Development Goals and the Millennium Development Goals.

(or near-universally) accepted, (b) sufficiently comprehensive to represent overall progress but also sufficiently prioritised to be tractable and actionable, and (c) supported by concerted and sustained efforts after their adoption to finance, implement, and monitor them.

Overall, then, how influential were Short and DFID during the process? A balanced assessment reveals their role to have been at minimum substantial. David Hulme concluded that it "*is probably accurate to say that Short did more than any other individual, and more than many DAC [OECD] member countries, to promote the international development goals as a central component in the fight against world poverty.*"[124] Certainly, it is hard to think of anyone who can claim to have done more.

Debt relief

Indebtedness, especially among the poorest countries, had been a growing concern for several years when DFID was established. Most of the debt was owed to the World Bank, the IMF, and richer countries (including their aid agencies). Much of it was not being serviced, which prevented new lending. Earlier initiatives, including by the previous UK government led by John Major, made limited impact, notwithstanding the adoption in 1996 of a new framework for heavily indebted poor countries. There were two main problems. First, the conditions for gaining relief were prohibitively restrictive, so few countries qualified. And second, it proved difficult to agree how, if the debt owed to multilateral institutions was written off, they would be compensated so that the effect was not simply to cut the resources they had to support future development.

Most of the international discussions on the debt issue took place among finance ministers, often in and around World Bank and IMF meetings. From 1998 onwards, however, Short and her Utstein colleagues invited themselves to play a prominent role in the debate, especially in the World Bank. And they brought one crucial new perspective with them. Many NGO campaigners, who were increasingly getting a hearing from finance ministries, including in the UK, and had been successful in engaging public interest in Western countries, were seeking unconditional debt cancellation. Short did not agree with that: she thought it mattered what happened to resources freed up by reducing debt.

She and her European allies therefore proposed that debt relief should be extended but should be offered on the "*condition that poor countries drew up poverty reduction strategies for better economic management, a crackdown on corruption, improved management of the public finances and the delivery of basic health care and education for all.*"[125] Debt relief, in other words, should be a tool for the achievement of the development goals.

124 David Hulme, "*The Millennium Development Goals (MDGs): A Short History of the World's Biggest Promise*", Brooks World Poverty Institute Working Paper 100, 2009, 24.

125 Clare Short, *An Honourable Deception?* The Free Press, 2004 , 82. She explicitly credits DFID officials with developing the analysis and arguments she relied on.

With substantial help from Gordon Brown, who as the chair of the IMF's ministerial governing body from 1999–2007 was in an influential position, the Utstein group were able to get the Bretton Woods bodies to change their approach. Camdessus redesigned the IMF's main funding vehicle for the poorest countries, the Enhanced Structural Adjustment Facility, and renamed it the Poverty Reduction and Growth Facility. A decision to offer debt relief now depended on the adoption of a national poverty reduction strategy that met criteria developed by the IMF and World Bank; and the final debt write-offs depended on (normally) several years of adequate performance in implementing it.

How to pay for the new deal remained a point of contention. Incremental progress was made over a period of years, and the issue was regularly on the agenda of G8 summits. Short and her Dutch and German Utstein colleagues were instrumental in securing EU agreement by 2001 to provide 1 billion euros of unspent balances from previous European Commission aid commitments, most of which went to compensate the Bretton Woods institutions and thus underpin their future lending. Short was also happy to allocate part of her now growing budget to debt relief, both for the World Bank and IMF, and for additional, unilateral steps the UK took to write off debt owed to it.[126]

In September 2000, just 10 poor countries had reached the "decision point" (and were therefore starting to benefit from relief), but none had reached completion point, with the totality of their debts irrevocably cancelled. (Uganda was the first to get to that point, later in 2000.) By the time of Short's resignation in 2003, 26 had reached decision point, and 8 completion. The package was by then worth $60 billion, though the annual savings which countries could use to increase their social spending and poverty reduction was only $2 billion.[127] The benefitting countries were, however, now able to access significant new funding for their development and poverty reduction goals.

Greater progress was made on debt relief subsequently, as we will pick up in later work. But many DFID staff see this as one of the main achievements of the department's first years.[128] They also, however, largely credit Brown and his Treasury officials for that. DFID's key contribution was in helping establish the link between debt relief and poverty reduction, which proved of lasting importance.

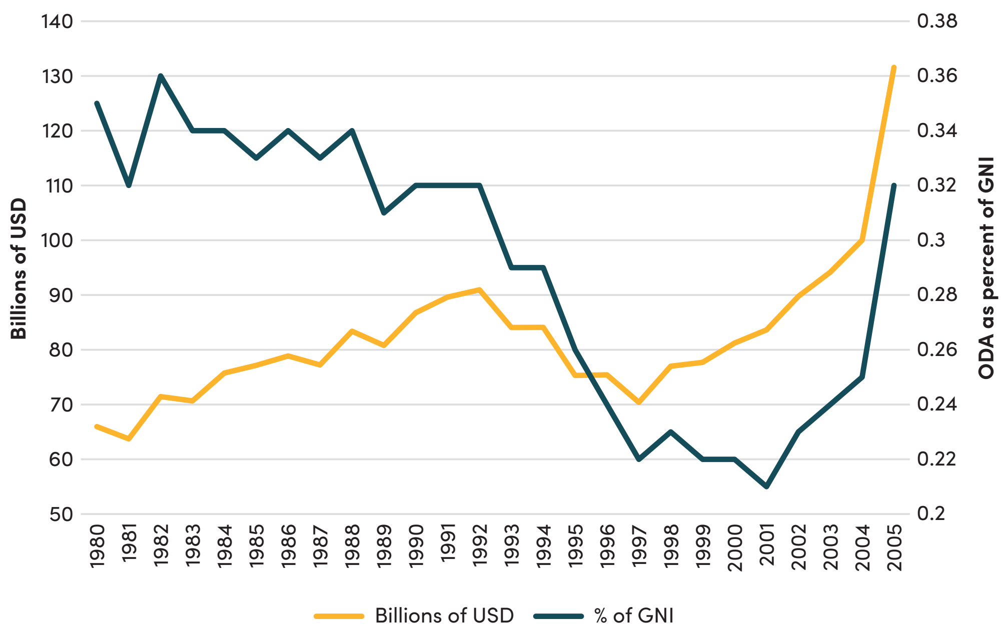
Financing for development

We covered earlier the significant increase in DFID's budget between 1997 and 2003. A growing DFID budget was a major asset, not least in negotiations with other countries, in what objectively was the bigger prize: increases in global levels of development assistance.

126 Short, 84.
127 DFID 2001 Departmental Report, CM 5111, March 2001, 37–8; DFID 2003 Departmental Report, CM 5914, May 2003, 24–5.
128 Treffgarne interviews. It is mentioned almost as often as the MDGs.

Aid levels had stagnated globally in the decades up to 2000 (Figure 3).[129] Part of the deal reached at the Millennium Summit was that richer countries would now provide more money to support the achievement of the MDGs. It was agreed that a major conference on financing for development would take place in Monterrey, Mexico in March 2002. President Bush decided he would go; and he wanted to help his Mexican counterpart enjoy a successful event, which meant that the US took a notably less restrictive approach than it had in the past.

FIGURE 3. Net ODA from DAC countries (in constant 2021 USD billions and as percent of GNI)



Source: OECD Creditor Reporting System (2023).

That had the helpful effect of putting pressure in particular on the EU to step up. The Utstein group[130] worked closely together to coordinate positions in EU meetings with their counterparts from other member states in late 2001 and early 2002, though in fact the UK and Germany were constrained on what they could agree. Those EU countries, including the Netherlands, who had already reached the UN 0.7 percent target, pushed for a collective EU agreement to make faster progress towards it. Short was sympathetic to that. But Brown had already set her budget up to 2004; he was marketing a different initiative to increase aid levels, and he was reluctant at that stage to set a timetable for the UK reaching the 0.7 percent target.[131] Short and Wieczorek-Zeul nevertheless helped their Dutch

129 Aid provided as a proportion of donor countries' GNI was at historically low levels during the 1980s, having been higher in the 1960s and 70s.

130 Without Johnson, because Norway was (and is) not in the EU.

131 Brown's idea was for an international financing facility, which would borrow on the capital markets against future aid flows to provide an extra $50 billion a year in the short term. This did not fly, but the idea led to the creation of the International Finance Facility for Immunisation, and a few years later Brown set a timetable for the UK to reach 0.7 percent. We will come back to this in later work.

colleague Evelyn Herfkens and others, against opposition from Southern members states, to punt the decision on the EU's offer in Monterrey up to a meeting of EU heads of government in March 2002. There, a communique was agreed committing the EU to reach a collective level of 0.39 percent by 2006, with each country aiming for a minimum of 0.33 percent.

The upshot of the Monterrey conference was pledges that implied that development assistance would increase from $55 billion globally in 2003 to at least $67 billion by 2006.[132] The promises were kept. Aid levels did indeed increase significantly (Figure 3), though the headline figures are inflated by the impact of debt relief (where write-offs are credited as aid even though they do not involve new flows). Despite the caveats, Michalopoulos concludes that:

> "*There is little doubt that the four [Utstein] ministers made a considerable difference in pushing for and attaining concrete commitments to raise the volume of assistance … several major donors did increase both their commitments and their actual assistance levels.*"[133]

Untying and international collaboration on improving aid effectiveness

Untying

For decades, aid resources from most donor countries were largely tied to procurement of goods and services from the donor country. The rationale was that this would make foreign assistance more tolerable to the donors' taxpayers.

The result of this approach was to reduce the effectiveness and value for money of aid in terms of its impact on development and poverty reduction. Countless studies confirmed that, as did a summary review by the OECD in the early 1990s, which found that the tying of aid inflated its cost to recipients by 15–30 percent. One estimate of the scale of the wasted money put it at more than $7 billion a year.[134]

British development officials, many of them trained in economics and committed to promoting value for money, resented tying. They had also observed over the years that the commercial benefits appeared minimal. Major scandals like the Pergau dam were the tip of the iceberg. But they had never previously worked for a minister willing to create a stink over the issue. They were now keen to test out the scope for reform, and believed that it would be much better to promote a collective international agreement in which everyone would clean up their act than for the UK to go it alone.

132 At least that was the DFID assessment in early 2003. (DFID 2003 Departmental Report, CM 5914, May 2003, 24.) Ex post, the increases seem to have been larger. Note: these figures are in cash (nominal terms); in Figure 3 they have been converted to 2021 prices, which inflates them.

133 Constantine Michalopoulos, *Ending World Poverty: Four Women's Noble Conspiracy*, Oxford University Press, 2020, 126.

134 Roger Riddell, *Does Foreign Aid Really Work?*, Oxford University Press, 2007, 100–101.

The 1997 White Paper therefore made a commitment to "*pursue energetically the scope for multilateral untying of development assistance*."

A saga ensued.[135] In April 1998 the ministerial meeting of the OECD DAC tasked the Secretariat to come up with a proposal for untying assistance to the least developed countries. This was thought less likely to be blocked by the traditional opponents of untying, led by France, Japan, Denmark and, sometimes, the US. It was also judged that the least developed countries were worse affected by tying than better off developing countries. But the proposal, when it arrived on DAC ministers' desks for their meeting the following year, was again stymied, again by France, Japan, and Denmark.

Short was irritated by the failure to progress what she thought should have been a straightforward issue. But she had to watch her back: there was a risk that British businesses might seek to join the opponents of untying. She characteristically decided to take the bull by the horns. In December 1999 she made a speech at the Adam Smith Institute, the London bastion of free market economics. The title was "*Protectionism in aid procurement: disposing of a dinosaur*." The first sentence set the scene: tying "*wastes money, distorts objectives and makes it increasingly difficult to increase effectiveness in international development*." She continued in a similar vein: "*aid remains stuck in the mercantilist past, against which Adam Smith was complaining over two centuries ago*"; aid tying "*encourages corruption, inappropriate technology and a supplier driven mentality*"; "*no competitive firm has anything to fear [from untying] … and if you are not competitive you should not get the job*." [136]

Some months later, while working on the new White Paper, Short decided to try to get cross-government agreement for it to include a commitment to full unilateral untying. She asked her officials to talk to the business lobby group, the Confederation of British Industry. They tested the water with their members and came back with a message: "*no-one cares*." The Department of Trade and Industry were told that, and they decided not to object to Short's proposal.[137]

When the DAC ministerial gathering in June 2000 again saw progress blocked by the same opponents of untying, the UK announced that it was going to put the subject on the agenda of the G8 meeting in Japan the following month. Senior DFID officials already had the backing of Number 10 for that; and the UK team at the summit were ultimately successful in getting supportive language in the communique.[138]

Then in December the White Paper was published, including the commitment to "*end UK tied aid and work for multilateral untying*." And finally, in 2001 the DAC agreed a package to untie aid to least developed countries, which came into force the following year. The ratio of untied to total

135 On which there is a good account in Constantine Michalopoulos, *Ending World Poverty: Four Women's Noble Conspiracy*, Oxford University Press, 2020, 151–4.

136 https://www.clareshort.org/speeches/protectionism-in-aid-procurement

137 Private interviews.

138 Richard Manning recalls being woken up early one morning in London by a British negotiator in Japan, being told "it's not going very well", and replying that the Prime Minister wants a result, so keep going and they'll agree.

aid to least developed countries increased from 53 percent in 1999–2001 to 70 percent by 2003.[139] However, multilateral untying was not extended to aid for the majority of developing countries who were not classified as least developed. Data published by the DAC in 2006 shows that only 42 percent of total aid to all recipients was reported as untied.[140]

The results of a substantial effort were therefore ultimately disappointing. The UK's aid remains untied, but there has been no appetite for more international reform.[141]

Aid effectiveness

Other attempts were, however, made to improve the quality and effectiveness of aid. Short was keen to see some of the reforms she had agreed in the management of DFID's bilateral programme (discussed above) taken up more widely, and this was another area in which she found common cause with her Utstein colleagues. An OECD DAC task force on aid effectiveness was established in 2000. The outcome of the Monterrey financing for development conference in 2002 had included commitments for donors to work to reduce transactions costs, harmonise their efforts, and enhance recipient country ownership. It was followed up by a declaration agreed at a meeting of 28 recipient countries and more than 40 ministers and agency heads from development organisations in Rome in February 2003. The focus was on aligning development assistance with recipient priorities and strategies, reducing the burden donors placed on weak developing country systems, and channelling more resources through developing country budgets and institutions, rather than operating entirely outside them (as was common). The Utstein ministers characterised these reforms as "lowering the flag." We will assess the impact of these and subsequent similar initiatives in future work. It is noteworthy that a platform for future work was created in this period, with significant DFID involvement.

Multilateral effectiveness

Short's interest in aid effectiveness extended to the role of multilateral agencies. She wanted to create greater incentives for multilateral agencies to improve their performance. A number of initiatives followed.[142]

From 1998 onwards, DFID published institutional strategy papers assessing the individual performance of the major agencies (including the EU's development programmes and the World Bank) and their contribution to the development goals, and setting out proposals for improvement.

139 That, however, did not include technical assistance or food aid—which explains why in the years around 2005 (and subsequently) 70 percent of US aid remained tied.

140 Roger Riddell, *Does Foreign Aid Really Work?*, Oxford University Press, 2007, 99.

141 And the practical impact of UK untying has frayed in recent years, with UK firms winning a noticeably high proportion of tenders.

142 We are grateful to Peter Grant, who held senior roles in DFID with responsibility for multilateral aid between 1996 and 2005, for material we are drawing on in this section.

DFID used these strategies in its dialogue with the agencies and tracked progress. This was novel, especially because the strategies were published and widely commented upon.[143] And there was an edge to the process: Short told her senior staff that she wanted to use the evidence in determining future funding decisions for each agency.

This process was conducted purely between each institution and DFID. It did not lend itself to the construction of league tables, other comparisons or the drawing of generic lessons. But in a related initiative, attempts were also made to produce a comparative analysis of all the major institutions, based on published data. The first iterations lacked depth and rigour, and duly attracted a lot of negative feedback especially from those being criticised. But they became more sophisticated. A revised multilateral effectiveness framework (MEFF) was established in-house from 2003. A report commissioned by the Danish government offered an assessment:

> "*DFID established the MEFF for assessing the organisational effectiveness of multilaterals … to provide information for public accountability, and as an input to policy and financing decisions … Among bilateral donor methodologies the MEFF comes closest to a comprehensive measurement approach and has been considered by other donors a good starting point.*"[144]

In parallel, DFID was interested in whether a collective approach among all the main donors to multilateral agencies could be established. It engaged with other donors in the establishment from 2002 of the first collective donor system: MOPAN, the Multilateral Organisation Performance Assessment Network. With around 20 countries now among its members, it has conducted dozens of periodic reviews on major agencies. (It has reviewed the UN Development Programme four times).

All these innovations have flaws and limitations. They are, though, better than the lacuna they replaced.

The aid effectiveness agenda, including multilateral reform, was built up further in subsequent years, with DFID consistently playing a leading role. Valuable foundations were established in this period.

New international organisations on global health and public-private partnerships on investment and infrastructure

Some of today's most important aid institutions, in particular the Global Fund to Fight Aids, Tuberculosis and Malaria and GAVI, the Vaccine Alliance, were created in the years after DFID's establishment. New public-private partnerships to support investment and the development of

143 The heads of the agencies were not all best pleased. Jim Wolfensohn, President of the World Bank, was reported to have suggested to his staff that they produce a similar report on DFID. (Private interviews).

144 https://www.oecd.org/derec/denmark/42211723.pdf, DANIDA 2008.

infrastructure in low-income countries (particularly in Africa) were also established, with DFID playing a leading role.

Health initiatives

There was by the late 1990s a growing swell of concern that new health technologies were taking too long to reach enough people across the poorest developing countries. That included vaccines, drugs to combat HIV/AIDS, and insecticide-treated bed nets to protect people against malaria.

A new initiative promoted by the Bill and Melinda Gates Foundation to encourage manufacturers to lower prices for vaccines for the poorest countries in return for long-term, large-scale and predictable demand from those countries was given public life in 2000 through the establishment of the Global Alliance on Vaccines and Immunisation. DFID staff recall persuading Clare Short to host one of its early board meetings. The UK progressively assumed a major leadership and financing role on immunisation alongside the Gates Foundation over many years thereafter. Broadening access to immunisation had a strong appeal for the hardheaded, economically literate senior staff of DFID. For a cheap, one-time investment which was relatively easy to implement even in countries with weak administrative capacity, babies and young children could be given lifetime protection against a variety of diseases that still took millions of lives a year in poorer countries.[145] It was not a hard sell.

Similar ideas to tackle HIV/AIDS and tuberculosis were initially more controversial. There were discussions at the G8 summits in Japan and Italy in 2000 and 2001 about establishing a new global health fund, but disagreements about how far its mandate should extend. The main push was for something to make new drugs for people with HIV/AIDS more widely available. Some DFID staff worried that the new drugs were still expensive, and that recipients would need to take them continuously for the rest of their lives. They feared that the effect of switching aid resources into this potentially at the expense of other health problems (like maternal mortality and malaria) might paradoxically be higher loss of life.[146] Nevertheless, global concern, not least in the US, grew, and the Global Fund to fight AIDS, Tuberculosis and Malaria was established with DFID's involvement in 2002. And DFID's engagement and funding in these areas expanded substantially over the following decade and beyond.

Public-private partnerships[147]

As we observed earlier, some people were surprised by the enthusiasm Short conveyed about the role of private enterprise and markets in increasing the incomes of the poor to reduce poverty. But she was aware that markets often worked badly for poor countries, poor people and their enterprises

145 Treffgarne interviews.

146 They weren't alone: see for example Justin Sandefur, "*How Economists got Africa's Aid Epidemic Wrong*", Center for Global Development, 2023, https://www.cgdev.org/blog/how-economists-got-africas-aids-epidemic-wrong

147 This section relies heavily on invaluable material provided by Gavin McGillivray, a senior private sector specialist in DFID for many years up to 2021.

and was interested in how that might be addressed. She quickly focused on the potential role of the Commonwealth Development Corporation (CDC), for which DFID was the 100 percent shareholder. Established in 1948, CDC lent money and took equity stakes in businesses in poorer countries. In 1997 it was investing around £250 million a year, financed by proceeds from earlier investments. (The government had not put in new money for decades.) Advised by Barrie Ireton, one of DFID's director generals, Short wanted to find ways to expand its impact; directly, through mobilising capital from others, and indirectly by demonstrating that was possible to make commercial returns in poorer countries. Her budget was too constrained to afford new capital; and the Treasury refused to allow CDC to borrow on the markets.

So a plan was hatched—and announced by Tony Blair in October 1997—to allow private investors to buy shares in CDC, with the government retaining a controlling interest to preserve CDC's developmental purpose. The hope was that this would both bring in more capital and demonstrate that private money could be used successfully in the poorer countries. (In 1997 developing countries received $185 billion in foreign direct investment, but the bulk went to better off countries, with the least developed attracting less than $4 billion.) Legislation was passed in 1999; new management was brought into CDC; and a new investment policy and higher ethical, environmental, and social standards were adopted. Reality then intervened: stock market downturns in 2001 and worries over whether the government would stick to its new policy cooled investor interest. The plan was quietly dropped.

Instead, CDC was restructured into a model common in the private equity industry: an asset holder (which kept the name CDC) with a few dozen staff was created, and the bulk of the business and staff were spun out into a management company, Actis. CDC and Actis were encouraged to bring more third-party private capital into Actis (and later other) funds; Actis were incentivised to manage it as profitably as possible in line with CDC's investment policy and principles. This all took time, and the new arrangements only went live in 2004.

In a related initiative, struck by the massive inadequacy of basic public infrastructure (roads and other transport infrastructure, water distribution and sewage plants, power stations etc), Short asked her officials to explore the scope for new public-private partnerships there too. The most important concrete result was the creation, following a tender process in 2002, of a Private Infrastructure Development Group, which created an Emerging Africa Infrastructure Fund. DFID provided $100 million in equity; Standard Bank, Barclays and others provided $205 million in loans. DFID quickly sold on half its investment, by bringing in government bodies in the Netherlands, Sweden and Switzerland. The Emerging Africa Infrastructure Fund has subsequently mobilised more than $27 billion for profitable infrastructure investments benefitting more than 150 million people in Africa, mostly from private sources.[148] We will come back to this in future work; for now,

148 See eaif.com

we note that this was another example of DFID's early impact and influence over others which later bore rich fruit.

One more among the wide range of new international public-private partnerships is particularly deserving of mention. The 2000 White Paper had been up-front on the toxic effect of corruption in holding back developing countries. The government undertook to bring UK law into line with the OECD Convention on the Bribery of Foreign Public Officials (i.e., to make it a crime in the UK to pay a bribe to an official overseas). Corruption was widely known to be a particular scourge in the hydrocarbons and minerals sector. In 2003, following years of preparatory work,[149] DFID, alongside other governments, leading companies, civil society groups and others, launched the Extractive Industries Transparency Initiative. Its mandate was to promote greater transparency in what foreign investors pay to host governments—and what governments receive in revenues—from the mineral sector. Years after leaving office, Clare Short chaired its board from 2011–16.

What did DFID's approach to its engagement across the international development system in these years add up to?

What is striking in retrospect is the scale and breadth of the ambition, and the energy with which it was pursued. In some areas, DFID can reasonably claim to have played the leading role (as in the creation of the MDGs and the Private Infrastructure Development Group). In others it was a loud voice singing alongside a few others to a crowd that was sometimes happy to join the chorus (increasing EU aid levels, and new global institutions for health). And on occasion it was more like a comet, burning brightly but briefly and then fizzling out (untying). Short led from the front. But she was more careful to build alliances and seek to collaborate with others on the international scene than she sometimes was in dealing with her ministerial colleagues at home, and that often paid off.

Overall impact

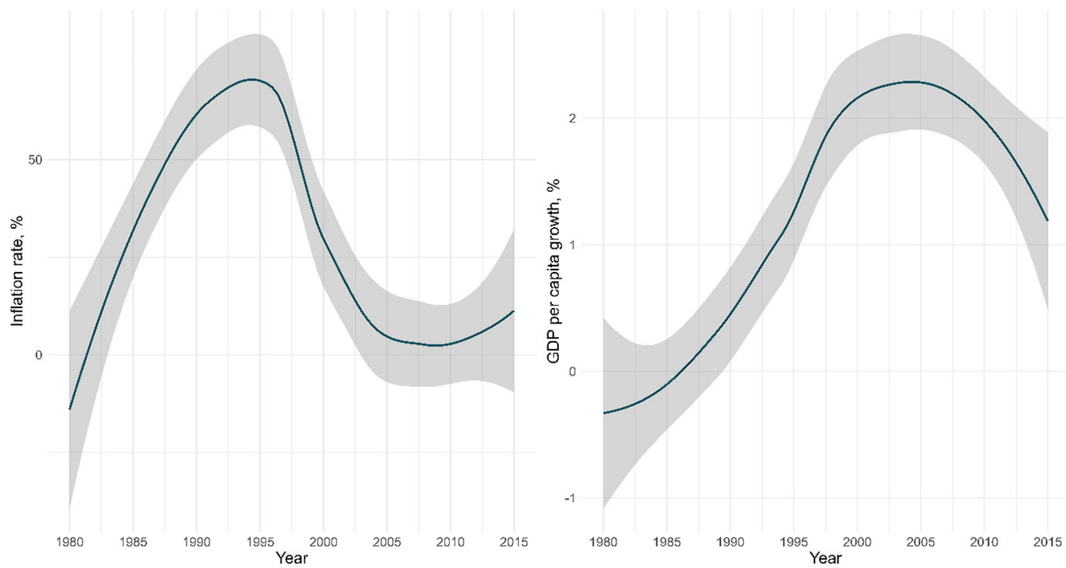
Drawing together all the analysis we have presented, what conclusions can we draw? Here we discuss, first, the ultimate effect of the policies, money and activities we have analysed on DFID's espoused goals in this period; and, second, how well positioned the department was by 2003 for the period that lay ahead.

149 Including, as Richard Manning recalls, enthusiastic advocacy from Tony Blair at the Johannesburg summit on sustainable development in 2002, who then tasked DFID with leading the follow up.

DFID's initial contribution to global development

The available data is clear that between 1997 and 2003, life for hundreds of millions of people in poor countries was getting better, including in sub-Saharan Africa and South Asia, where extreme poverty was concentrated. Partly, this was due to better macroeconomic conditions in these parts of the world. Figure 4 extends the data on inflation and growth we presented earlier (Figure 1) to cover the 2000s. The improved performance is unmistakeable. Inflation fell from a double-digit norm, with a wide range, to being manageable almost everywhere; per capita growth went from negative to moderately positive and consistent.

FIGURE 4. Inflation and GDP per capita growth, sub-Saharan Africa 1980–2015



Notes: The central line is a local regression showing how inflation and GDP per capita growth changed over time. The grey shaded areas give the 95 percent confidence intervals for this relationship.
Source: World Bank World Development Indicators, accessed through the R Package 'WDI' on 14/07/23.

Three key factors contributed to this relative economic stability. First, there was positive impact from the economic situation in the rest of the world. The East Asian "miracle" economies crashed in 1997, but recovered quickly and spent most of the 2000s in steady, relatively high growth. China was at this point still a recipient of grant aid from the UK and a significant borrower from the World Bank, and not, as it would become, a major source of development finance for poorer countries. Nevertheless, it did play a role in the economic recovery in Africa: it was just entering its extraordinary period of sustained high economic growth, and its rapid industrialization pushed global commodity prices up, to the benefit (and detriment, in some ways) of many commodity exporters. The US and EU grew more slowly, but without any serious mishaps. Fiscal policy was steady in the advanced economies, and interest rates in the US and UK began to decline in the beginning of the 1990s, reaching what were then historically low levels for much of the late 1990s and 2000s. Oil prices (and commodities prices more generally) rose steadily from the early 1990s, peaking in 2008, a boon to poor but resource-rich countries like Nigeria, home to a large share of the world's poor.[150] The late 1990s and 2000s were, until the crash of 2008, as benign and serene a period of global economic progress as we have ever witnessed.

Second, painful as it was, the structural adjustment policies forced on most developing countries as they struggled with unsustainable debt burdens and unmanageable fiscal deficits, moved them into broadly sound macroeconomic management. The evidence is clear in the inflation graph above: economic mismanagement was certainly not a thing of the past, but some of its worst and most destructive aspects had been at least temporarily tamed. And third, as discussed earlier, the 2000s was a period of reduced conflict in most developing countries. It is extremely hard to grow the economy steadily in the midst of bloody violence; relative peace was the necessary basis on which a decade of increasing prosperity was founded.

Economic stability was necessary for progress on the MDGs; and economic growth contributes towards their achievement.[151] But to accelerate progress, directed and focused action was also needed. Assigning credit to large-scale, national and global trends is always difficult, but DFID plausibly contributed in three ways: through direct contributions to economic growth and stability (via policy advice, support to the debt relief initiatives, and financial support); through project and sector-specific support towards specific MDG goals; and indirectly through its influence, examples of which we have set out above, on what other players in the international development system did.

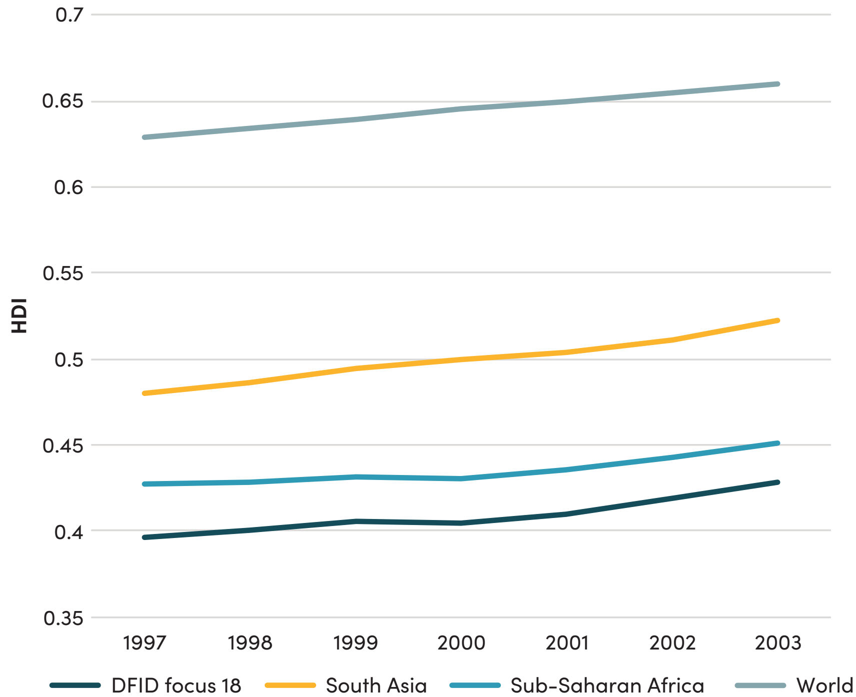
Progress shows up clearly in the data. The Human Development Index (HDI), a composite measure bringing together life expectancy, access to education, and average incomes, saw notable increases in the regions of greatest poverty, and also in the 18 countries in which DFID focused much of its direct effort. Data on progress on the MDGs in these regions and the 18 focus countries tells the same story. Progress was gradual but noticeable.[152] Figure 5 shows progress on the HDI over this period. Three points are worth noting. First, this was a period of general improvement—the HDI was improving globally and in each region. Second, the 18 countries which accounted for, by 2003, roughly two-thirds of DFID's aid, had particularly low scores on the HDI (i.e. they were particularly needy). And third, their rate of improvement was slightly faster than the global average and the average for sub-Saharan Africa or South Asia. These last two points are particularly important; as noted earlier, the first steps out of extreme deprivation have the largest effect on welfare. It is also worth noting that these trends and this improvement are not an artefact of the aggregation of multiple countries or indicators into a single index: Figures A1–A3 in the Appendix show that improvements are clear and visible in under-5 mortality, life expectancy at birth, and GNI per capita in all of the 18 countries except Zimbabwe (which was in the midst of some truly remarkable economic mismanagement).

150 https://fred.stlouisfed.org/series/MCOILWTICO

151 Sustained, moderate real economic growth is, almost always, associated with eventual improvements in human development indicators and poverty. See: https://lantpritchett.org/wp-content/uploads/2022/05/Basics-legatum-paper_short.pdf

152 DFID's annual Departmental Reports all contain detailed analysis and data on its contribution to the millennium goals in the countries it focused if its work on. See, for example, pages 23–27 of the 2001 Departmental Report and 178 and 183 of the 2004 report.

FIGURE 5. Human Development Index 1997–2003



Source: World Bank World Development Indicators, accessed through the R Package 'WDI'.

But what portion of that progress on the development goals can be ascribed to DFID? That is a more difficult question to answer. Any country's fate and progress are determined primarily internally, by the actions of its own leaders, citizens, businesses and the state and other institutions. As we have said, the global economy was largely untroubled between 1999 and 2007; state-based conflict was historically low; much of the ugly and painful work of remaking macroeconomic policy in the poorest parts of the world had already been done. These were favourable circumstances for an ambitious organization bent on promoting global development to have been born into. DFID's objective was to take advantage of this advantageous situation and accelerate progress, even though external factors, including aid, are only ever a contributory factor, and, as in most areas of public policy, there is a notable time lag (running into years) between setting the policy, taking the action (including spending money) to achieve it, and then generating the outcomes. The oil tanker analogy is apposite: much of what was put in place by 2003 did not feed through to real world outcomes until some years later.

Nevertheless, what we can say, based on the evidence presented in earlier parts of this paper, is:

- DFID was clear and consistent in the objectives it was trying to achieve;
- It adopted policies that were, based on international consensus at the time, conducive to those objectives;

- It allocated a growing and by the end of the period significant budget rigorously to seek to maximise its contribution to the development goals, with a strong focus on countries where the needs were greatest and the scope for progress highest;
- It was influential in encouraging other countries, the EU and multilateral agencies—who collectively were able to make a larger impact—to do the same;
- And the evidence is clear that DFID's projects and programmes were, when you add them all up, largely successful in achieving the individual goals set for them, though the scale of effort was, while bigger than previously, not yet large enough to move the dial as far as would later prove feasible.

It is not possible to quantify in any meaningful way how much of the improvement in life experiences for many people in poor countries from 1997–2003 can be attributed to DFID. Our judgment is that, combining its direct and indirect contributions, DFID's role was material and significant.

The state of DFID in 2003

The capability, reputation, culture, and effectiveness of the department was, from the valuable but limited embryo of the Overseas Development Administration, strengthened substantially in these years. What was put in place was reinforced, adapted and tinkered with over the following 15 years, but it was not fundamentally unpicked. Powerful foundations had been established from which an edifice was built that made a notably bigger impact in the decade that followed.[153]

It is often said that the most important test of leaders is what is retained from what they did years after they have moved on. That question is particularly relevant to DFID after Clare Short, given the dominant role she played from 1997 to 2003 and the potentially destabilising circumstances of her departure.

Some writers have attributed an almost overwhelming weight to her personal role in creating the department. Robert Greenhill, one-time head of the Canadian International Development Agency, who admired DFID, wrote:

> "*What drove the difference? In a word, leadership. Short imposed focus and drive on her organization. She believed that DFID should—and could—make a real difference. She recruited the best and brightest from the UK and abroad. She encouraged discussion and debate. She demanded excellence.*"[154]

Without diluting Short's contribution, it is clear that things were more complicated than that.

153 As we will show in future publications.

154 Quoted in Owen Barder, "*Reforming Development Assistance: Lessons from the UK Experience*", Center for Global Development Working Paper Number 70, October 2005, 30.

As we said at the outset of this paper, DFID was now regarded as a success story by Labour. Support for international development resonated with the party's values. It was important to be able to demonstrate the effort being spent was achieving results, and that was done successfully.

Even more important than the generality of views across the Labour party, though, was the attitude of Tony Blair and Gordon Brown, the government's dominant personalities. It is a little paradoxical, given that Clare Short was often publicly and privately critical of Blair, and her relations with Brown also had their ups and downs, that as time passed the interest of both in DFID's work and their confidence that DFID could deliver, grew.

Brown has written of how, coming into government, he wanted international development to have a higher profile, emphasising his focus on the goal of eradicating poverty and improving development, his admiration of Short's "*dynamic leadership*," how they worked well together and the impact of using aid more effectively to reduce poverty.[155] As the chair between 1999 and 2007 of the IMF's key governance committee, he played a major role in debt relief, and his interests in development extended and deepened from there. Above all, Brown controlled the money: he exercised an iron grip over the public finances; he took the major decisions in successive Spending Reviews on how much each department received; and giving such preference to the DFID budget was his personal choice.

Blair formed a positive view of DFID and its senior staff partly as a result of what he saw personally in Kosovo during the 1999 refugee crisis.[156] He made a series of visits to Africa with Short from 1999 onwards; she was sometimes critical of his motives and questioned his understanding, but his interest was genuine and his engagement sustained throughout his tenure and long beyond.[157] At the UN Millennium Summit in September 2000, he made a powerful speech on the need to provide better support for progress in Africa, and he followed through on that.

Labour's manifesto for the 2001 general election accordingly doubled down on its support for development. The coverage was much fuller than in the 1997 manifesto, with a range of commitments and initiatives building on the 2000 White Paper. They embraced new plans to achieve the MDGs, support for economic reform, debt relief, increasing DFID's budget and a particular focus on Africa.[158] This laid the foundations for a continued priority to development for the remainder of the decade. Short's departure from government in response to Britain's involvement in the Iraq war in 2003 did not derail this, though it was well known that DFID was institutionally sceptical of the wisdom of invading Iraq to depose Saddam Hussein, and the department (like others) was subsequently criticised for inadequate engagement in preparations for the war and its aftermath.

155 Gordon Brown, *My Life, Our Times*, The Bodley Head, 2017, 136–7.
156 Anthony Seldon, *Blair*, The Free Press 2004, 406.
157 Anthony Seldon, *Blair Unbound*, Simon and Schuster 2007, 322–3.
158 "*Ambitions for Britain: Labour's manifesto for 2001*", 40.

Labour's stance was not at this stage matched by the Conservative opposition. Their 2001 election manifesto[159] offered barely 200 words on aid and development. Many of them were devoted to aid charities (with the remarkable claim that "*they are often better placed than governments to relieve suffering*"), criticism of the EU and a plan to appoint an envoy for religious freedom. There was no reference to the MDGs or to reducing poverty or to DFID.

Parliamentary views more broadly were positive on DFID. The International Development Committee (chaired by two successive Conservative MPs) proved an increasingly strong supporter, and a source of valuable policy analysis and proposals. Its 2001/02 report on "Financing for Development" backed increasing the aid budget.[160] In its response to the 2003 Departmental Report, it commended DFID's role in directly supporting government budgets.[161] It was also consistent and constructive in identifying areas for improvement, many of which were subsequently taken up.

Short had also pursued initiatives to engage the wider public in discussions on international development. Throughout her period in office, she travelled across the UK, going to schools and universities and meeting other groups. Development was also included in the national curriculum as part of what every child would learn at school.[162] It is not clear what lasting impact such initiatives had. For most of the British population, the government's role in international development was not a significant concern, either positively or negatively. They had other preoccupations. Surveys showed that they wanted their government to play a role in responding to disasters and extreme poverty. But most people acquiesced in, rather than being energised by, the priority Labour increasingly gave to development. Criticism from the right-wing press (which grew subsequently) was in this phase relatively muted.

Our assessment is that the UK system as a whole, including DFID, but also other government departments, Parliament (both through legislation and the work of the International Development Committee), civil society, research organisations and others contributed more than the sum of its parts to global development. That system was significantly enhanced in this period, not least as a result of the facilitating and knowledge sharing role the department played. Its influence increased as the department's reputation grew.

The decision in 1997 to establish DFID to enable Britain to play a leading role in eliminating extreme global poverty had been vindicated by the time Clare Short left office in 2003. The extent of that vindication, though, was not yet clear. Our next instalment, covering the period from 2003–10, will delve further into that.

159 "Time for common sense" was the curious strap line, and it was fronted by then leader William Hague, who in a later guise as foreign secretary from 2010 was notably supportive of DFID and its first Conservative secretary of state, Andrew Mitchell.

160 House of Commons International Development Committee, *Financing For Development: Finding The Money To Eliminate World Poverty*, HC785-I, July 2002.

161 House of Commons International Development Committee, *DFID Departmental Report 2003*, HC825, October 2003.

162 As Lowcock discovered around 2004, when his young son brought home a geography textbook explaining how DFID's compensation scheme for the victims of the 1997 eruption of the Montserrat volcano, which Lowcock senior had designed one morning that August, had been so miserly that it led to widespread protests by the islanders.

Appendix

TABLE A1. DFID spending, in million £ nominal

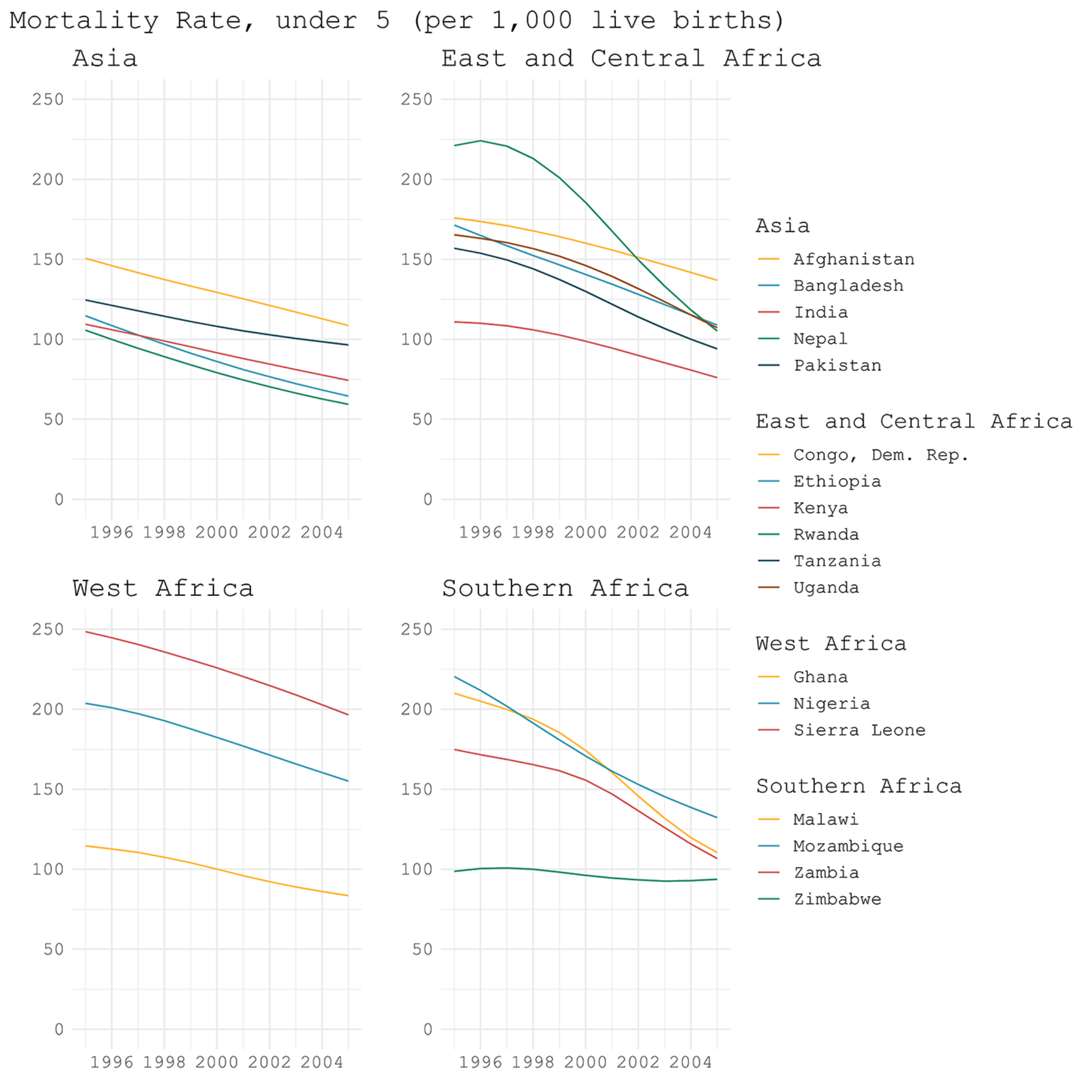
	97/98	98/99	99/00	00/01	01/02	02/03
Afghanistan	0.1	0.2	0.0	0.1	0.2	34.7
Bangladesh	36.5	65.3	63.4	70.8	60.3	75.6
DRC	–	–	–	3.1	5.6	12.9
Ethiopia	3.4	5.0	6.4	15.4	11.4	40.3
Ghana	15.1	46.2	42.6	69.6	51.6	52.9
India	75.1	83.9	95.8	105.4	180.5	156.0
Kenya	25.7	30.4	24.2	47.4	24.9	42.4
Malawi	24.2	46.3	45.7	56.0	42.1	51.7
Mozambique	19.5	24.0	20.9	29.9	38.6	30.6
Nepal	16.4	15.9	15.1	17.2	20.5	26.8
Nigeria	7.0	9.6	13.3	15.8	19.7	29.2
Pakistan	23.4	19.9	19.9	12.8	42.7	38.0
Rwanda	–	13.3	14.4	32.8	26.9	35.3
Sierra Leone	2.9	8.8	29.6	35.1	34.4	33.0
Tanzania	40.0	48.0	61.9	67.0	63.3	75.5
Uganda	45.4	50.0	51.9	83.3	66.7	53.2
Zambia	12.1	11.0	10.5	52.1	39.1	37.7
Zimbabwe	10.8	10.0	11.6	10.6	14.7	30.8
Total 18 countries	**357.5**	**487.8**	**527.2**	**724.4**	**743.1**	**856.5**
18 countries as percent of regional progs.	*49*	*57*	*61*	*66*	*65*	*64*
Total-DFID regional programmes	**736.1**	**851.8**	**863.7**	**1,096.0**	**1,141.3**	**1,340.7**
18 countries as percent of total DFID	*18*	*22*	*21*	*27*	*26*	*26*
Total DFID	**1,979.3**	**2,238.6**	**2,489.0**	**2,704.1**	**2,810.9**	**3,239.7**
Total bilateral UK ODA	**1,609.1**	**1,567.3**	**2,111.5**	**2,193.5**	**2,334.7**	**2,364.7**
Total multilateral UK ODA	**722.9**	**550.7**	**862.5**	**985.5**	**945.6**	**1,482.5**
18 countries percent of total ODA	*15*	*23*	*18*	*23*	*23*	*22*
Total ODA	**2,332.0**	**2,118.0**	**2,974.0**	**3,179.0**	**3,281.0**	**3,847.0**

Source: Departmental reports.

TABLE A2. DFID spending from annual reports, in million £ adjusted inflation 2022

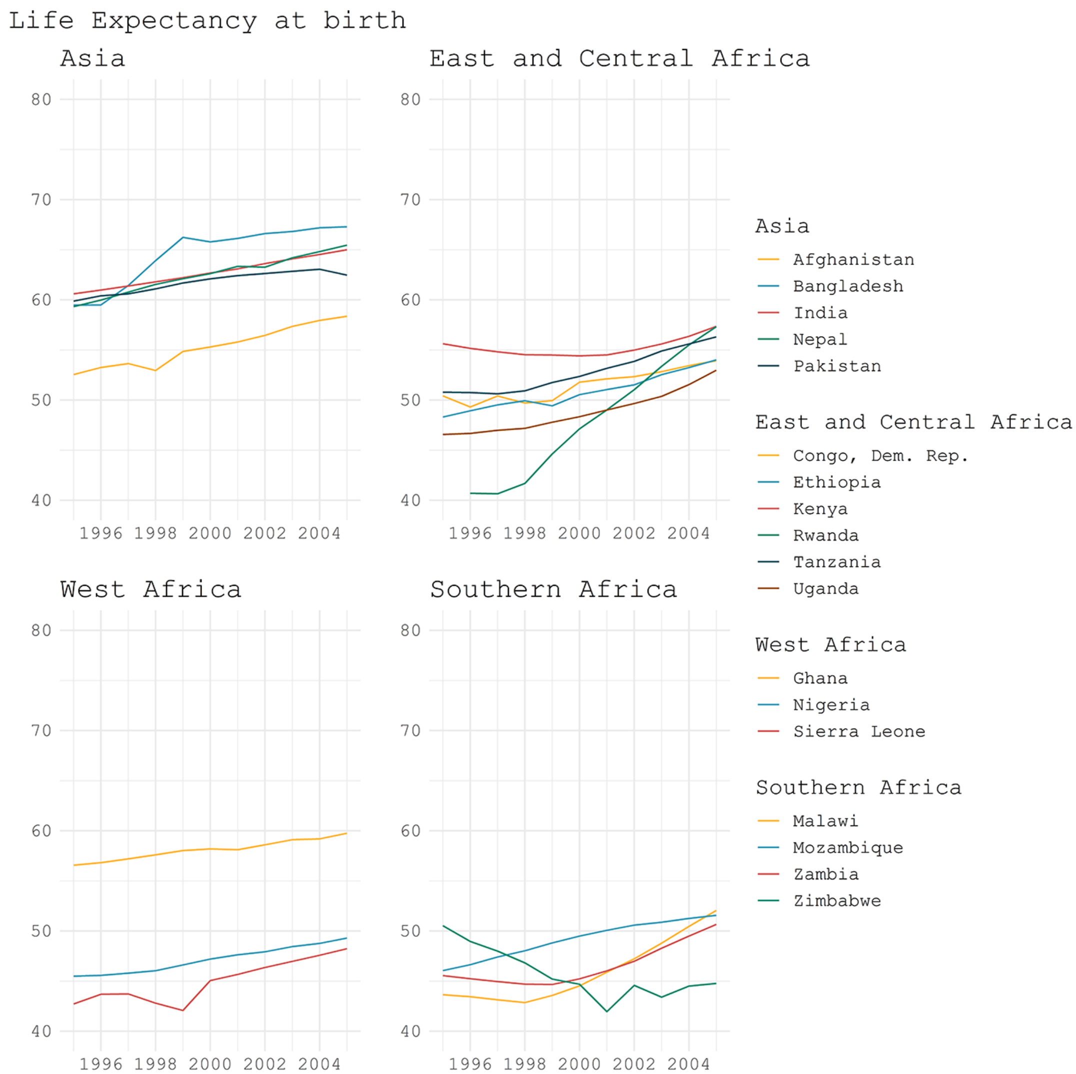
Categories	97/98	98/99	99/00	00/01	01/02	02/03
Afghanistan	0.2	0.3	0.1	0.2	0.4	56.6
Bangladesh	63.3	111.7	107.0	118.5	99.8	123.5
DRC	–	–	–	5.2	9.2	21.1
Ethiopia	5.9	8.5	10.8	25.9	18.8	65.9
Ghana	26.1	79.1	71.9	116.4	85.4	86.4
India	130.5	143.5	161.7	176.4	298.6	254.8
Kenya	44.6	52.0	40.9	79.3	41.2	69.2
Malawi	42.1	79.2	77.1	93.8	69.6	84.5
Mozambique	33.8	41.1	35.3	50.1	63.8	49.9
Nepal	28.4	27.1	25.5	28.8	33.9	43.8
Nigeria	12.1	16.4	22.4	26.5	32.6	47.8
Pakistan	40.6	34.0	33.6	21.4	70.6	62.0
Rwanda	–	22.7	24.3	54.9	44.5	57.6
Sierra Leone	5.1	15.0	50.0	58.7	56.9	53.9
Tanzania	69.4	82.1	104.5	112.3	104.6	123.3
Uganda	78.9	85.5	87.6	139.5	110.3	86.9
Zambia	21.1	18.9	17.7	87.2	64.7	61.6
Zimbabwe	18.7	17.2	19.6	17.7	24.3	50.3
Total 18 countries	**620.9**	**834.2**	**889.8**	**1,212.8**	**1,229.0**	**1,399.1**
18 countries as percent of regional progs.	49	57	61	66	65	64
Total-DFID regional programmes	**1,278.4**	**1,456.7**	**1,457.6**	**1,835.0**	**1,887.7**	**2,189.8**
18 countries as percent of total DFID	18	22	21	27	26	26
Total DFID	**3,437.6**	**3,828.3**	**4,200.6**	**4,527.5**	**4,649.2**	**5,291.7**
Total bilateral UK ODA	**2,794.5**	**2,680.3**	**3,563.6**	**3,672.7**	**3,861.5**	**3,862.4**
Total multilateral UK ODA	**1,255.5**	**941.7**	**1,455.5**	**1,650.0**	**1,563.9**	**2,421.4**
18 countries *percent* of total ODA	15	23	18	23	23	22
Total ODA	**4,050.1**	**3,622.0**	**5,019.1**	**5,322.7**	**5,426.6**	**6,283.6**

FIGURE A1. Mortality rate, under 5 (per 1,000 live births) for focus countries



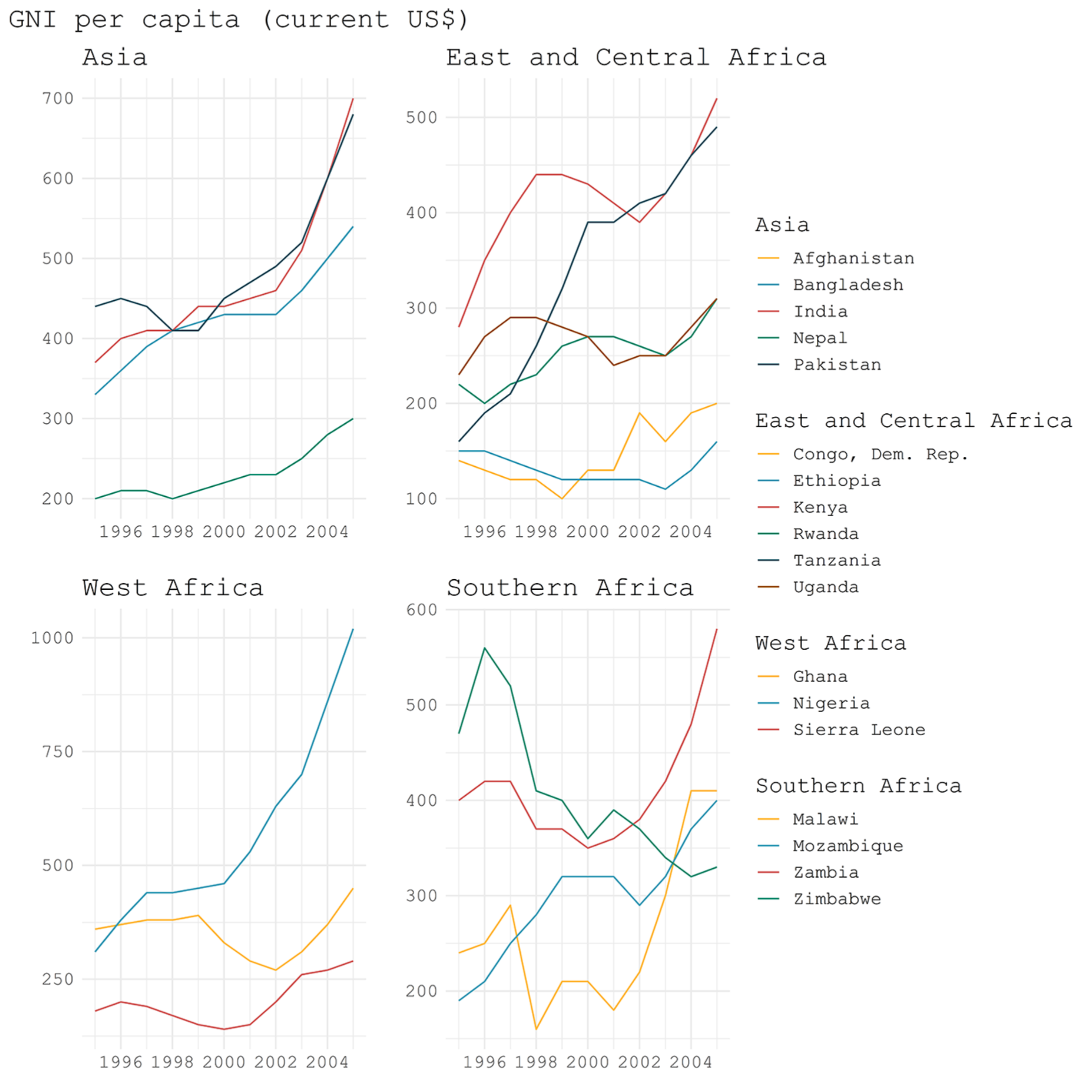
Source: World Bank World Development Indicators, accessed through the R Package 'WDI' on 02/07/23.

FIGURE A2. Life expectancy at birth for focus countries



Source: World Bank World Development Indicators, accessed through the R Package 'WDI' on 02/07/23.

FIGURE A3. GNI per capita (current US$) for focus countries



Source: World Bank World Development Indicators, accessed through the R Package 'WDI' on 02/07/23. No data is available for Afghanistan.