

A critical assessment of the 2011 UK multilateral and bilateral aid reviews

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The Department for International Development (DFID) recently published a Multilateral Aid Review (MAR), critically assessing 43 different international organisations (IOs), agencies and private groups. It has concurrently conducted a Bilateral Aid Review (BAR) of its own operations. This brief shows that both reviews indicate an important shift in UK aid policies, whereby future development assistance will be based on the UK's vision of development rather than more traditional global indicators.

The MAR reviewed each multilateral agency based on a range of factors but focused in particular on their 'value for money', which is a key concern of the coalition government's development agenda. 'Value for money' refers to achieving maximum output from each pound of British aid. Each agency was further classified under different categories from 'very good' to 'poor'. In doing so, DFID has signalled to each agency how important they were to the UK's development agenda and which areas they should improve upon. Furthermore, the review indicated the amount of future funding DFID will channel through different agencies. This suggests that DFID will now work primarily with those that match the UK's aims rather than continuing to provide money to all. While the UK is just one of the many states channelling aid multilaterally, implementation of the recommendations of the MAR would negatively affect the future operations of multilateral agencies such as the United Nations Industrial Development Organisation, which was ranked in the 'poor' category.

This substantial reorientation of UK aid policy in comparison with the previous Labour administration was further reinforced through the Bilateral Aid Review. For example, aid to emerging economies such as Vietnam and Indonesia will cease and, eventually, only 27 countries will receive bilateral assistance. A more significant issue is that DFID will close its aid programmes in several Least Developed Countries (LDCs). Instead, a new index ranks countries in terms of the number of poor people, the country's stability, and the effectiveness of aid. Non-LDC countries such as India, Nigeria, and Pakistan are now classified as high priority targets for DFID's aid budget. This shows a shift away from the previous policy of aiding low-income nations (or aid on the basis of a recipient's needs) to assisting countries that match a new vision of international development (aid on the basis of the donor's strategic priorities).

Both aid policy reviews were designed to justify the government's position of ring-fencing DFID's budget; however, their recommendations indicate a sharp turn in the UK's international development policy. While the overall objective is to achieve global targets such as the Millennium Development Goals, aid will no longer concentrate on poor countries but will be focused on countries that are deemed most important to the UK's strategic priorities. By categorising multilateral agencies, these reviews have signalled that DFID will focus its partnership with those organisations that most closely mirror the UK's vision of development, rather than even-handed treatment across the board. UK development policy has thus been substantially altered, which – given that the UK remains one of the world's top-five aid donors – will result in long-term consequences for the global development landscape.

Jiesheng Li

Doctoral Researcher in Political and International Studies

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