

The futility of aid integration

by Dmitry Grozoubinski and John Fowler

10 July 2020



DFAT building in Canberra (PDR/Flickr CC BY-NC-ND 2.0)

The UK's decision to merge the Department for International Development (DFID) with the Foreign and Commonwealth Office (FCO) has rekindled interest in the most recent model for such a move, Australia's 2013–14 integration of AusAID into DFAT. The parallels are obvious. In both cases a recently elected conservative government institutes the long-mooted idea with little warning and scant practical guidance. The reasons cited too, were similar: a more integrated approach to work abroad and efficiency savings for the taxpayer.

On the latter, it's important to note merging two giant departments offers mostly illusory savings. It will likely take the better part of this century for the cost savings from consolidating administrative functions to compensate for the tens of thousands of work hours spent debating, planning, explaining, executing and fixing integration. This is to say nothing about expertise lost and the quantifiable declines in staff morale as promotions, postings and other benefits grew scarcer and internal relations soured along lines of previous affiliation. All virtually inevitable when two large organisations are abruptly mashed together.

The more interesting motivations therefore are around the politics and policy of consolidating aid and foreign affairs. Development assistance has always enjoyed something of a political double life. Australians **overestimate by a factor of 17** how much of the federal budget is actually spent on development, while simultaneously believing it should be **cut to merely 12 times its current share**. Successive governments have juggled this dichotomy by pitching foreign aid as altruistic duty to the left, and a combination of regional stabilisation and realist foreign policy to the right.

Dual branding of this sort is not unique to aid. The Australian Defence Force is,

depending on which poster you're looking at, an elite force of unstoppable operatives ready to deal death in defence of the homeland, or a loving search and rescue crew hip-carrying children out of disaster areas. This branding duopoly reflects less than total coherence at the top regarding what the armed forces are for. A similar fuzziness exists around aid policy.

Consider how Australian development assistance is described in the [2017 Foreign Policy White Paper](#), the seminal strategy framework for DFAT:

Australia's development assistance program, currently \$3.9 billion a year—with 90 per cent of our bilateral and regional funds focused on the Indo-Pacific—supports our partners in their efforts to become more stable, prosperous and resilient.

Our assistance alleviates suffering and serves our national interests by helping countries to advance economic reform, fight threats such as extremism, guard against the spread of infectious diseases, and build resilience to natural disasters and economic shocks. We support better state capability to improve governance and reduce poverty and inequality. Our development program magnifies the influence that Australia brings to bear on pressing regional and global problems, including efforts to meet the Sustainable Development Goals.

Furthering Australian influence is relegated to half a sentence at the end, sharing split billing with the Sustainable Development Goals. Alleviating suffering is the prime directive, with national interest benefits like regional resilience and suppressing extremism as happy by-products. In practice, of course, government expectations for aid programs place somewhat greater emphasis on influence, but are such expectations realistic?

Most development specialists are painfully aware of the slaver's hunger for 'aid waste' stories. Taxpayers understandably want money spent responsibly, and nothing generates more clicks than government funds being wasted abroad.

Ceaseless demands for care, transparency and accountability have evolved complex systems for investment design, selection, approval, and monitoring. It is these, far more than separate letterheads, which prevent aid from being the agile influence purchasing arsenal some diplomats daydream of having.

With the notable exception of disaster relief, good aid practice aims for gradual change over many years. In contrast, as Richard Moore [argues](#), the incentives in foreign policy favour the short-term objective: trying to get a meeting, firefighting a crisis, securing an open nomination, or preparing for an upcoming summit.

Successive Secretaries have, to their credit, prioritised longer-term strategic thinking

through task forces, dedicated teams, and strategic reviews. Yet the need for such top-down efforts to generate ‘big-think’ only highlights where the natural incentives of foreign policy work tend to fall.

The optimal development intervention from an *alleviating suffering perspective* is a carefully scoped sustainable investment driven by on-the-ground demand, delivered primarily by local partners, and addressing unsexy but critical shortfalls that might otherwise struggle to attract funding – private, public, or charitable.

The optimal development intervention from a *short-term influence perspective* is a rapidly approved construction project in a powerful local cabinet member’s constituency that features smiling children and receives glowing coverage in the recipient country’s national press.

The tension is obvious. As government priorities change, the former can be adjusted and redirected from one region to another or towards new focus areas like the currently in vogue Aid for Trade. However, no amount of coordination, integration or joined-up thinking can make billions of dollars in annual foreign aid spending simultaneously developmentally impactful in the long term and agile enough to serve ever-shifting short-term influence needs. At most, some aid money can be diverted into pots like the [Direct Aid Program](#), which can be more short term and public diplomacy focused, but these can only be the exception, not the rule (as were DFAT programs prior to integration anyway).

This is not to say there is no basis to suggestions of disconnection between aid and foreign policy. Many DFAT veterans can attest to discovering, post-integration, entire teams working on issues of direct relevance to their mission of which they were previously unaware. Integration did not instantly fix these problems, but a single internal phone book did not hurt. Overall, however, the challenges integration addressed were operational, and not the alleged grand strategic disconnects cited as motivating such a colossal shift.

The staff at DFID and the FCO can be expected to make a merger work. DFAT did, and the survey numbers show upward trends in both staff morale and stakeholder satisfaction. However, to the extent that mergers in Australia, Canada and the UK were driven by legitimate concerns and not culture war virtue signalling or personality clashes, the stated objectives are unlikely to be met. Unless governments make the immoral and misguided choice to pivot away from trying to make a real difference in developing countries and towards chequebook diplomacy, most aid spending will never be an agile foreign policy tool. Integration, while having its benefits, keeps proving a hugely expensive and disruptive way to prove that truism.

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Link: <https://devpolicy.org/the-futility-of-aid-integration-20200710-2/>