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Enhancing the effectiveness of India's development partnership practices¹

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EXECUTIVE SUMMARY

Providing development assistance to any other country is often seen as a step forward in terms of a country's political and economic standing in the global hierarchy (Mawdsley, 2012a, pp. 4–5). In the case of India, a long-term development partner in South – South Cooperation (SSC), there has not been much empirical evidence to demonstrate how its development assistance programme to neighbouring countries enhances the position it holds in the South Asian region.

Despite providing official development assistance (ODA) for more than half a century, it is only in the past 15 years that India has started getting noticed for its development assistance programme, especially by northern donors. Organisation of Economic Cooperation and Development (OECD) nations are increasingly interested in knowing more about the aid policies and programmes of southern donors (Manning, 2006; Paulo and Reisen, 2010, p. 536), including India. Despite this interest, however, so-called 'new donor' countries such as China and India have preferred to keep their distance from the OECD-DAC (i.e. OECD's Development Assistance Committee) structure, and do not report or provide data on the assistance they give to DAC² (Kragelund, 2008; Paulo and Reisen, 2010; Mawdsley, 2012b; Asmus, Fuchs and Muller, 2017a).

Indian governments have consistently argued, since the beginning of India's aid programme, that there is no hierarchy between itself as a donor state and the recipient states that get aid from it. Instead, official India government discourse has emphasised equal partnership in aid relationships, where both nations benefit mutually (Chaturvedi, 2012, p. 558; Chaturvedi *et al.*, 2014, p. 9).

Nevertheless, regardless of such positive narratives and a long-established development assistance programme, the country needs to improve upon its existing ODA strategy. Whatever the intentions or goals (i.e. altruistic or strategic) that India wants to achieve from its aid programme, it is important for the country to enhance the effectiveness of its aid programme in order to be successful in achieving these goals. What follows in the sections below is an overview of the country's development assistance partnership programme, ending with a set of recommendations for the Indian government to consider in order to enhance the effectiveness of its overseas aid initiatives.

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² DAC collates ODA information provided by member countries around the world.

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INDIA AS AN AID PROVIDER

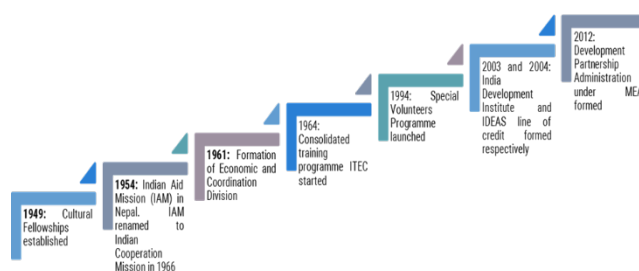
India has come a long way from being the largest single aid recipient country of OECD ODA in the mid-1990s (OECD, 2012, p. 3), to identifying itself as a development partner since the early 2000s. As one of the leading countries in South-South Development Cooperation (SSDC), India like other NDDs claims to be different when it comes to providing aid. Scholars have been sceptical of such claims with authors such as Dreher, Nunnenkamp and Thiele (2011); Kim and Lightfoot (2011); and Mawdsley (2012a, pp. 115–116) arguing that Non-DAC donors (NDDs) are no different from DAC donors in their aid giving approaches, and that NDDs provided assistance has both positive and negative impacts on the recipient countries (like aid provided by members of OECD-DAC).

India's aid programme has evolved over the years. As per the Indian government's Ministry of State for External Affairs (MEA), the country provided more aid than it received between 2014 and 2016 (MEA, GoI, 2017). Latest OECD (2018) data shows that India is now the seventh largest recipient of development funds from OECD countries (down from second largest recipient just a few years previously).

In addition to India making an effort towards intensifying its bilateral development aid programme in 2003, it increasingly started to contribute and become part of many existing and newly formed multilateral agencies. As part of its role in multilateral organisations it began contributing more to the World Food Programme (WFP) during the early 2000s (Mawdsley, 2014, p. 962), although this has reduced somewhat in the last few years (WFP, no date). India was also the

second highest contributor to the UN Democracy Fund (UNDEF) with a total contribution of approximately US\$30 million up to 2012. (Faust and Wagner, 2010; UNDEF, 2012).

The country's aid programme, which had mostly focused on training of personnel in different fields until the early 2000s, subsequently expanded to involve a lot more components (MEA, GoI, 2016, pp. 182–186). India's overseas assistance programme currently includes capacity building through Indian Technical & Economic Cooperation (ITEC), Indian Council for Cultural Relations, and India-Africa Forum Summit Training and Scholarships; development grant projects and small development projects (SDPs); concessional loans; Lines of Credit (LoC) under the Indian Development and Economic Assistance Scheme, implemented by MEA through EXIM Bank (Export-Import Bank of India), which is part of the Ministry of Finance (MoF); disaster relief; deputation of Indian experts abroad; the defense training programme; and special courses. India's development aid, in terms of both total budget and geographical locations, is growing every year. Aneja and Ngangom (2017, p. 4) note that some central ministries have received less funds/budget for implementing developmental programmes within India when compared to funds allocated to MEA for



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Development Partnership Administration (DPA) activities.

The history of India's development assistance programme can broadly be divided into two phases: the first, from independence to early 2000s, and the second from 2003 onwards. Even though India's assistance programme saw a multi-fold financial increase in the mid-1990s, 2003 saw the beginning of new structural changes that slowly lead to the formation of the DPA divisions in 2012³ (Mukherjee, 2015). Total funds allocated for grants and concessional loans in 2019-2020 amounted to ₹7,517.79 crore (around 986 million USD) which is 42% of MEA's budget⁴, an increase of approximately ₹2,000 crore (little more than 262 million USD) from the previous year⁵. Finding problems with India's aid, DAC donors have pointed out that the country does not strongly delineate aid from its geopolitical and commercial interests. However, India has found supporters for its approach from those who believe that this mixed method of providing technical assistance along with financial assistance is indeed an effective approach (Mawdsley, 2014, p. 962).

India's aid programme has helped a large number of countries, with a concentration on near neighbors in South and Central Asia. Interviews and field work conducted by the author with retired diplomats and officials in the MEA in Delhi

and Sri Lanka over the past 12 months⁶, have made clear that the Indian government has not attempted to systematically assess the impact of Indian aid on different sets of people in countries receiving funds. Other scholars have also highlighted problems in the existing aid giving model. Quantitative analysis (using econometric methods) has concluded that strategic and security reasons are driving factors of India's aid investment (Fuchs and Vadlamannati, 2013; Ahmed and Singh, 2014; Chenoy and Joshi, 2016). In addition, other qualitative studies on specific Indian government aid programmes or sectors have highlighted shortcomings in implementation of India's aid programmes. Such studies include Indian support for sugar production in Ethiopia (Kumar 2016), support for health programming in Nepal (Yang et al. 2014), and a more general review of non-DAC donors (including India) in Kenya (Mawdsley 2010).

Some of the gaps in the ODA programme of the country, from both secondary and primary research indicate that India needs to seriously take into account the following recommendations to make its aid work better, while also proceeding with institutional changes it initiated this January⁷. At present, the absence of a written policy or framework, creates hurdles in implementation of the programme, along with the existing structure in place (for policy making and implementation of the programme) limits what aid can achieve not just as an instrument of

³ A technical department with three sub-divisions which consolidates the assistance programme within MEA, GoI structures.

⁴ ₹17884.75 Crores being the total budget as per MEA's Detailed Demands for Grants 2019-20

⁵ <https://meadashboard.gov.in/indicators/92>

⁶ As part of the ongoing PhD research on India's foreign aid under an European grant project

(<https://globalindia.eu/people/rachna-shanbog/>), first

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round of the field work has been completed in Sri Lanka and India.

⁷ Chaudhury, D. R. (2020) 'Ministry of External Affairs undertakes path breaking restructuring exercise', 31 January. Available at: <https://economictimes.indiatimes.com/news/politics-and-nation/ministry-of-external-affairs-undertakes-path-breaking-restructuring-exercise/articleshow/73790362.cms?from=mdr>.

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economic development in recipient countries, but also as tool of foreign policy for India.

POLICY RECOMMENDATIONS

The recommendations listed below are drawn from the interviews conducted by the author as part her PhD research, along with analysis of the existing literature on India's development assistance programme.

1. Develop a white paper on India's development assistance programme and a strategic plan detailing India's aid priorities for recipient countries in receipt of significant levels of India aid, with details on how assistance can be provided (also components of aid/sectors), metrics of measuring progress and appropriate timelines, which is communicated to other relevant ministries such as the MoF.
2. Assign more powers and responsibilities to DPA, which has a very limited role to play at present.
3. Ensure detailed information is available on development assistance provided by all Indian governments since independence on the new web platform called the Performance Smart Board⁸, initiated by MEA, GoI in August 2019.
4. Engage development experts both at the policy level (national level) and the implementation level (local development specialists), where projects are being undertaken.
5. Create monitoring and evaluation guidelines at the central level, followed by a systematic structural set-up to undertake the task at the mission level, which would be country specific.

ABOUT THE AUTHOR

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⁸ <https://meadashboard.gov.in/>

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