Parliamentary Evidence

The Future of DFID’s Programme in India

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1. This submission (taken in part from a forthcoming report by Chatham House on India’s global role) discusses some trends in India’s own assistance programme, and highlights opportunities and challenges for Western donors such as DFID aspiring to work better with India in addressing global challenges.

2. Interest in the provision of global public goods is growing in India, although it remains something of a niche interest. Attitudes towards "developmental" objectives remain seen largely through the prism of self-interest, whether profits for Indian companies or enhanced global standing for the Indian government. This is unsurprising; many opinion formers in India argue that other countries have provided development assistance to India as a means of enhancing their relationship with India.

3. India appears set to continue and expand an assistance programme primarily predicated on the use of concessional lines of credit. Indian companies have a growing interest in opportunities overseas and often find it easier to operate in Africa or South East Asia than in India’s immediate neighbourhood.

4. Criticism of links between India’s private sector and politicians over domestic economic policy-making has not translated into concern over international policy-making. This is unlikely to remain the case over the coming years. As Indian companies become increasingly active overseas, India’s foreign policy establishment will have to determine how commercial ties fit within foreign policy. But for now countries seeking to engage better with India will need to engage with specific firms or trade associations as much as with government.

5. There remains a preference for Indian assistance to be provided bilaterally. There is a preference for sustainable outcomes (for instance through training) rather than "three-year projects" which end when funding stops. Some trends are emerging that point to a greater willingness to pool sovereignty with international partners, for instance through the IBSA (India-Brazil-South Africa) Trust Fund. While Western countries may not be ideal partners from an Indian perspective, there is greater openness, particularly in the private sector, to ideas such as triangulation, whereby Western governments could utilise Indian capacity in third countries.

6. Greater regional integration would offer a wide range of benefits; the India-Sri Lanka free trade agreement resulted in a major surge in trade between the two countries, and offers a template for other countries in the region. Continued ad hoc integration seems most likely in the short-term; while India
is pushing for the South Asian Association for Regional Cooperation (SAARC) to become a more effective institution, and steps are being taken to allow for better regional links, the organisation remains hindered by the poor bilateral relations between India and Pakistan.

7. While some voices within India are calling for greater coordination of the country’s aid programme, the establishment of a specific department for development is clearly not a priority. Policy-makers point to the positive perception for India in countries like Afghanistan, for instance, that has stemmed from its current approach which is driven by requests from the Afghan government. With the greater confidence provided by sustained economic growth over the past decade, India is increasingly willing to proactively promote its own policies on issues such as disaster-relief, if not yet on "development". India is also likely to maintain its current policy towards peacekeeping as a means of demonstrating its commitment to the UN.

8. India’s civil society (as well as the Supreme Court) has led the way for some progressive domestic movements, such as tackling air pollution in Delhi. While most Indian NGOs will remain focussed primarily on domestic issues, a few are working in other countries. Those NGOs working on "global" issues – such as trade and climate change – are likely to acquire a greater international presence.

9. India’s domestic approach towards climate change is likely to be focussed on specific projects, such as technology transfer or the provision of energy to villages through renewable sources. On the international stage, India’s negotiating stance will remain predicated on the country’s development needs, but as the negotiations in Cancun demonstrated, there is reluctance for India to stand alone. This suggests a gradual shift towards a more accommodative position.

10. India can play a more significant role in global development, through training and through the capacity of its private sector and NGOs, but its role is likely to develop gradually. A significant escalation of its global role is unlikely until its domestic development challenges are better addressed. Until there is a belief that India has found a model that tackles issues such as poverty at home, there will be reluctance to attempt to export an Indian model of development. But increasing (and overdue) attempts at engagement with India on a host of global challenges seem likely to expedite this process.

11. In relation to DFID, engaging with India internationally requires recognition that in this context "India" consists of a variety of actors: government; the private sector and NGOs. DFID has taken some steps have been taken to
engage with Indian NGOs and companies on projects in third countries. Greater engagement with India’s private sector (whether domestically or in other countries) would be beneficial. Parts of India’s private sector are keen to work in triangulated projects in other countries. Engagement with government in India should be focussed and outcome-oriented. A broad-based discussion about global public goods will be less effective than building up specific, sustainable practical projects.