

**CALACS Policy Brief Series: Beyond Aid and the Future of Development Cooperation
Issue 2, August 2017**

**MINISTRY OF INTERNATIONAL DEVELOPMENT COOPERATION: THE WAY
FORWARD**

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EXECUTIVE SUMMARY

The liberalization, privatization and globalization policy adopted by India in 1991 has paved the way for the country to become one of the fastest growing economies in the world. This has enabled India to strengthen its position in the international arena. From the perspective of development cooperation, India is fast evolving from being a net beneficiary of development assistance to a net provider. India is also an important player in South-South Cooperation and is a part of key groupings such as BRICS, IBSA and the G-20. However, despite the evolution of its role and position in the global development cooperation architecture, India does not have a specialised agency for international development cooperation. This Policy Brief discusses the need for setting up such a specialised agency by way of converting the Development Partnership Administration within the Ministry of External Affairs to an independent and standalone ministry called the 'Ministry of Development Cooperation.' In doing so, it examines the existing institutional framework governing India's development cooperation *vis-à-vis* institutional robustness, transparency, public debate and stakeholder participation. It also highlights the key challenges likely to be faced while advocating for the creation of a standalone ministry and makes broad policy recommendations.

Keywords: Development Cooperation- Development Partnership Administration- Global South International Development Cooperation- Ministry of International Development Cooperation- South-South Cooperation

Credits: This CALACS Policy Brief was written by Shantanu Kanade and edited by Karin Costa Vazquez. It was an initiative by the Center for African, Latin American and Caribbean Studies at O.P. Jindal Global University School of International Affairs with the support of the Asia Foundation. The opinions expressed are those of the author and do not necessarily reflect the views of CALACS. Readers are encouraged to quote and reproduce material from the CALACS Policy Brief series. In return, CALACS requests due acknowledgement and quotes to be referenced as above.

INTRODUCTION

Since the turn of the century, there has been a paradigm shift in India's role in the global development cooperation community. The liberalization, privatization and globalization policy of 1991 resulted in a fast-growing economy and the inflow of significant foreign exchange into India. This has brought about a change in India's mindset from that of being a beneficiary to a provider of development assistance. India's development cooperation has expanded both in terms of geographical reach and magnitude in the past decade. As per a research report titled "State of India's Development Cooperation: A Report", India's development assistance has increased about seven-fold from US\$ 200 million in 2000 to US\$ 1.3 billion in 2013.¹ India has, through platforms such as BRICS and IBSA, also been at the forefront of the emerging narrative of 'South-South Cooperation', which refers to development cooperation between two or more countries of the 'Global South.' Development cooperation has accordingly become an increasingly significant aspect in India's foreign policy formulation and implementation.

Despite the growing significance of international development cooperation as a policy imperative for India, there is no single specialised agency to design, coordinate and implement its projects, as opposed to other countries from the Global South such as Thailand (Thailand International Cooperation Agency) and Colombia (APC Colombia). Presently, the Development Partnership Administration (DPA), set up in 2012 as a new division within the Ministry of External Affairs, coordinates India's development cooperation activities. The DPA is headed by a Secretary and has three sub-divisions, each responsible for particular regions and modalities of development cooperation. While setting up the DPA was a move in the right direction and may be said to have been a significant improvement over the largely ad-hoc arrangements that preceded it, a case may be made for India to go a step further and establish a specialised ministry for development cooperation. In fact, as early as 2007, the then Finance Minister P. Chidambaram had contemplated the establishment of an India International Development Cooperation Agency (IIDCA)² but the proposal got stuck in bureaucratic hurdles and has since remained on paper. This policy briefly argues that the time is ripe for India to bring to life the said idea and create an independent 'Ministry of International Development Cooperation' that would be reflective of India's commitment to assuming a key position in the evolution of international development cooperation framework, specifically South-South Cooperation.

WHY CREATE A SEPARATE MINISTRY OF INTERNATIONAL DEVELOPMENT COOPERATION?

Inadequacy of existing institutional framework

P. Chidambaram, then Union Finance Minister, had the following to say in his budget speech delivered on 28 February 2007:

¹ <http://www.cprindia.org/research/reports/state-indian-development-cooperation-report> (Accessed 23 May 2017)

² <http://indiabudget.nic.in/ub2007-08/speech.htm> (Accessed 23 May 2017)

“In keeping with India's growing stature in international affairs, we must willingly assume greater responsibility in promoting development in other developing countries. At present, India extends development cooperation through a number of Ministries and agencies and the total sum is about US\$ 1 billion per annum. It is felt that all activities relating to development cooperation should be brought under one umbrella. Accordingly, Government proposes to establish the India International Development Cooperation Agency (IIDCA). The Ministries of External Affairs, Finance and Commerce and other stakeholders will be represented on IIDCA.”³

As per the website of the Ministry of External Affairs (MEA), the Development Administration Partnership (DPA) was created in the MEA in January 2012 to effectively handle India’s aid projects through the stages of concept, launch, execution and completion. Table 1 below shows the various domains handled by each of the three divisions of the DPA.⁴

Table 1: Domains Handled by Divisions of DPA

DPA Division	Domains Handled
DPA – I	<ul style="list-style-type: none"> ➤ Lines of Credit (LoC) ➤ Grant projects in the East, South and West African regions ➤ Grant assistance projects in Bangladesh and the Sri Lanka Housing project
DPA – II	<ul style="list-style-type: none"> ➤ Over 8500 civilian and 1500 defence training slots allocated under ITEC (Indian Technical and Economic Cooperation Programme)/SCAAP(Special Commonwealth Assistance for Africa Programme)/TCS of Colombo Plan during 2012-13 to 161 partner countries ➤ 47 empanelled institutions conducting around 280 courses annually. ➤ Grant assistance projects in Southeast Asia, Central Asia, and West Asia and in Latin American countries ➤ Humanitarian and disaster relief
DPA – III	<ul style="list-style-type: none"> ➤ Implementation of grant assistance projects in Afghanistan, Maldives, Myanmar, Nepal and Sri Lanka

While it may be argued the establishment of the DPA is a marked improvement over the fragmented approach followed by the Government of India towards international development cooperation, it does leaves a few things to be desired. Some of the key issues identified by analysts that face the DPA are lack of inter-ministerial coordination, rapid rotation of senior staff, and an overall limitation on its autonomy. The criteria for division of modalities/countries between the three divisions of the DPA are also unclear. Ambassador Shyam Saran, while addressing a gathering at Harvard University in 2014, rightly referred to the DPA as falling

³ Ibid 2

⁴ <http://www.mea.gov.in/development-partnership-administration.htm> (Accessed 233 Mat 2017)

short of the original proposal to establish an autonomous development cooperation agency.⁵ Further, senior officials are known to have repeatedly stated that the establishment of the DPA in 2012 did not represent a shift in India's development policy, but "merely a new institutional arrangement".⁶

Need for an independent ministry to support India's evolving position in the international development cooperation community

India is set to assume the position of being a leading provider of global development assistance. It is believed that looking forward, the largest incremental capital for global development beyond what exists today is likely to come from India as it grows from a \$2-trillion to roughly a \$7-trillion economy by 2030. In absolute terms as well, back-of-the-envelope calculations estimate that India will likely spend approximately \$15 billion on development assistance by 2030.⁷ Given its clout in emerging international institutions such as BRICS and the G-20, India is likely to play a dominant role in discussions on development finance and also set the agenda for the future of international development cooperation. To keep up with its evolving role in the global development cooperation community, India needs a strong domestic institution through which it is able to direct and deliver development assistance in the manner that meets its own strategic interests while contributing to a sustainable global development agenda at the same time. The DPA, in its current form as a mere division of the MEA, may not be the best equipped to be the institution that India needs to take its development cooperation agenda forward.

The need of the hour is a one-stop-shop: a standalone, independent Ministry of International Development Cooperation (MIDC). India may seek inspiration from some of its southern partners who have, in the recent years, created standalone and specialised agencies for development cooperation, such as Thailand (Thailand International Cooperation Agency) and Colombia (Colombian Presidential Agency of International Co-operation). The best example in this context would be Egypt which has an independent ministry called the 'Ministry of Investment and International Cooperation' (created through a merger of the erstwhile ministries of investment and international cooperation respectively in 2017).⁸

India may also consider looking to traditional donors for inspiration in this regard. The Department for Industrial Development, United Kingdom (DFID) may be taken as a case in point. The DFID experience clearly shows that the existence of a standalone ministry helps ensure that development remains high on the country's agenda. A ministerial-level appointee, the Secretary of State for International Development, heads the DFID and sits in on all Cabinet proceedings. She/he is also a member of the National Security Council, one of the most

⁵ http://ris.org.in/images/RIS_images/pdf/India%27s%20Foreign%20Aid.pdf (Accessed 24 May 2017)

⁶ <http://www.saferworld.org.uk/news-and-views/comment/113-indias-development-cooperation-post-2015-and-beyond> (Accessed on 24 May 2017)

⁷ <http://www.orfonline.org/expert-speaks/india-economic-diplomacy-development-partnerships/> (Accessed 22 May 2017)

⁸ Daily News Egypt. 2017. *Parliament approves new cabinet reshuffle of nine ministries*. [ONLINE] Available at: <https://dailynewsegypt.com>. [Accessed 10 August 2017].

influential and powerful committees in the UK government.⁹ Germany too, has an independent ministry called the German Federal Ministry for Economic Cooperation and Development (BMZ). Like the DFID, the BMZ has a Cabinet seat, ensuring that issues of development are brought up before Parliament.¹⁰ While acknowledging that it is one of the key advocates of South-South cooperation and consciously seeks to distinguish itself from the traditional donors who are a part of the OECD-DAC, it may not hurt India if it borrows some of the positive aspects of the approach of these countries without compromising on the essence of its own approach to development cooperation. It must be emphasised that creating a standalone ministry will not in any manner require India to depart from the principles that it has followed over the years while establishing development partnerships.

The practice of creating departments of relevant ministries into standalone ministries themselves to emphasise the growing importance of the policy areas dealt with by such departments is not novel to India. There have been several such instances over the years, cases in point being the conversion of the departments of ‘Non-Conventional Energy Sources (Ministry of Energy)’, ‘Skill Development and Entrepreneurship (Ministry of Youth Affairs and Sports)’, Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (Ministry of Health and Family Welfare and ‘Electronics and Information Technology (Ministry of Communications and Information Technology) being converted into ministries of the corresponding names respectively.¹¹ There is little doubt that international development cooperation as a policy imperative is assuming greater significance for India within the realm of external affairs. Accordingly, it is desirable that the DPA be divorced from the MEA and converted into MIDC, similar to the instances of conversion of departments into ministries cited above.

Need for greater public accountability and debate

While the amount allocated by India for development cooperation is relatively low compared to several other countries, it far exceeds the budgets of a number of ministries of its central government. For instance, in 2015-16, INR 9,107 crore was allocated by the Ministry of External Affairs as aid in the form of grants and loans while in the same year, the Ministry for Environment, Forests and Climate Change had a budget of INR 1,682 crore; the Ministry for Skill Development and Entrepreneurship, INR 1,543 crore; the Ministry of Law & Justice, INR 3,759 crore; and the Ministry of Labour and Employment, INR 5,361 crore.¹² While the budget

⁹ House of Commons, International Development Committee, “The Future of UK Development Cooperation: Phase 2: Beyond Aid,” Tenth Report of Session 2014–15, Feb 2, 2015, Pg. 27-45

¹⁰ OECD, “OECD Development Co-operation Peer Reviews: Germany 2015,” OECD Publishing, Paris (2015)

¹¹(I) Ministry Of New And Renewable energy. 2015. *Vision and Mission Ministry Of New and Renewable energy Government of India*. [ONLINE] Available at: <http://mnre.gov.in/mission-and-vision-2/mission-and-vision/>. [Accessed 10 August 2017]

(II) Press Information Bureau. 2016. *Key Achievements 2015-2016: Ministry of Skill Development and Entrepreneurship*. [ONLINE] Available at: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=137488>. [Accessed 9 August 2017]

(III) Ministry Of Ayush. 2017. *BackGround Ministry Of Ayush*. [ONLINE] Available at: <http://ayush.gov.in/about-us/background>. [Accessed 10 August 2017].

(IV) The Economic Times. 2016. *DeLTY Becomes a New Ministry, Leg-Up for Ravi Shankar Prasad*. [ONLINE] Available at: <http://economictimes.indiatimes.com>. [Accessed 9 August 2017].

¹² “Union Budget 2015-16,” Government of India, <http://indiabudget.nic.in/budget2015-2016/vol2.asp?pageid=3> (Accessed 24 May 2017)

documents of the Government of India and Annual Reports of the MEA give a broad sense of the budget allocation for international development cooperation, it is difficult to identify any evaluation or monitoring report of development assistance to a particular country and how such investment in development has made any difference on the ground. It is accordingly important that detailed analysis and evaluation and periodic reports of India's development cooperation are made available to the Parliament and in the public domain.

Besides lack of accountability, there also exists at present a lack of awareness about India's development cooperation not only among the masses but also among members of parliament, academia, media and civil society organisations. Consequently, there is hardly any public debate over India's development cooperation policy. This, in turn, has a direct bearing on the participation by various stakeholders in the process of formulation as well as implementation of India's development cooperation policy.

Public accountability as well as public engagement is essential to build a reliable and comprehensive development cooperation policy as well as to improve the strategic and ethical validity of India's development cooperation internationally. The creation of MIDC as an independent ministry would be instrumental in addressing both of the aforesaid issues. India follows a parliamentary form of government as per which the council of ministers is collectively responsible to the parliament for any and all actions taken by any one or more ministries. MIDC will be held to a much higher level of scrutiny, both by the parliament as well by the people. As an independent ministry, MIDC would be required by law to publish annual reports, engage in systematic compilation, analysis and publication of data and follow all other accountability norms as are required of a ministry in the central government. Further, as an independent ministry, MIDC will have greater visibility as well as resources at its disposal to initiate awareness programs on India's development cooperation amongst various stakeholders including elected representatives, academia, civil society organisations, private sector and the media.

Need for representation of state governments

It must be acknowledged that India is too big a country to run its development cooperation exclusively from New Delhi. Although foreign policy as a legislative subject has been reserved for the central government under the Constitution of India, there has been an increasing role played by state governments in the same, especially within the realm of development cooperation. As per reports, it is now common for Indian state governments to interact with the provincial governments of other countries, a practice also known as para-diplomacy.¹³ A case in point may be how Gujarat, through its subnational engagements has increasingly attracted not just economic investments but is also now paving the way for cooperation on sustainable development – a cause which countries across the globe hold close to their hearts. Gujarat has been able to substantially add to the nation's larger interests by working on economic diplomacy at the federal level.¹⁴ It may accordingly be worthwhile to give state governments

¹³ <http://www.orfonline.org/expert-speaks/paradiplomacy-and-india/> (Accessed 24 May 2017)

¹⁴ Ibid 11

some kind of voice in the formulation and implementation of India's development cooperation policy.

The NITI Aayog, created in 2015 by India's Union Cabinet as the principal policy think tank of the Government of India to replace the erstwhile Planning Commission, may have a key role to play in this regard. An important evolution in the approach adopted by the NITI Aayog over that adopted by the Planning Commission is that the former acts as the quintessential platform of the Government of India to bring Indian states to act together in national interest, and thereby nurtures what is referred to "Cooperative Federalism". Essentially, this means that while making policies for the Government of India, NITI Aayog also seeks the inputs of State governments.¹⁵ In the context of development cooperation, the NITI Aayog can serve as the channel through which the concerns of State governments reach the MIDC.

Key Challenges

The first and foremost challenge that is likely to be faced in the process of creation of MIDC is justifying it as a policy choice to the existing policymakers. It may be said that India's development cooperation has two essential and intertwined components: economic diplomacy and political diplomacy. An argument may be made that divorcing the DPA from the Ministry of External Affairs and turning it into a standalone ministry may amount to separating these two components from each other and the same may not essentially favour India's broader interests in international arena. Thirdly, the substantial expense that would have to be incurred in creating and sustaining a new ministry will most likely be used as a counter to the proposal to establish MIDC. In addition to the principle-based arguments that are likely to be made against the creation of MIDC, certain challenges will also come to the fore in implementation of the policy. For instance, it will have to be ensured that the transition from the DPA to a MIDC, which will include redistribution and reallocation of resources and transfer of personnel among several other logistical issues, is done in the most effective manner.

How the above challenges are dealt with will be vital to ensuring the effectiveness of MIDC as a standalone institution. Policy recommendations in respect of the same have been discussed in the following and final section of this policy brief.

POLICY RECOMMENDATIONS

Based on the points discussed, the following broad policy recommendations are hereby put forth:

- It is recommended that the DPA be converted into the 'Ministry of International Development Cooperation' (MIDC) to be established as a ministry within the central government.

¹⁵ NITI Aayog. 2015. *Overview*. [ONLINE] Available at: <http://niti.gov.in/content/overview>

- A task force comprising of senior officials of the DPA and other stakeholders as may be deemed fit by the Committee must be constituted to ensure a smooth, hassle free transition from the DPA to MIDC.
- The most important consideration while establishing the MIDC must be its composition. While the details of the composition may be finalised after a comprehensive process of review and consultation by the Committee, it must be borne in mind that it is important for India to set up a multi-stakeholder advisory board if the MIDC is to be a robust institution. This must necessarily include members of civil society, academia, private sector, and parliamentarians to ensure that a robust institutional framework is created to ensure effective distribution, implementation and evaluation of India's development to enhance development effectiveness.
- To take into account their evolving role in international development cooperation, a mechanism must be worked out whereby the inputs from state governments are channeled to the MIDC on a continuous basis through NITI Aayog.

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