



House of Commons
International Development
Committee

**Extreme poverty
and the Sustainable
Development Goals:
Government response
to the Committee's
Fifth Report of Session
2022–23**

**Sixth Special Report of
Session 2022–23**

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The International Development Committee

The International Development Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for International Development and its associated public bodies.

On 1 September 2020, DFID and the Foreign and Commonwealth Office were merged to form the Foreign, Commonwealth and Development Office (FCDO). The Committee remains responsible for scrutiny of those parts of FCDO expenditure, administration and policy that were formerly the responsibility of DFID.

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Contacts

All correspondence should be addressed to the Clerk of the International Development Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 1223; the Committee's email address is indcom@parliament.uk

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Sixth Special Report

The International Development Committee published its Fifth Report of Session 2022–23, *Extreme poverty and the Sustainable Development Goals* (HC 147) on 13 December 2022. The Government response was received on 9 February 2022 and is appended below.

Appendix: Extreme poverty and the Sustainable Development Goals: Government Response

Introduction

The Government is grateful to the International Development Committee for its inquiry and report into extreme poverty and the Sustainable Development Goals (SDGs).

The SDGs are the only globally agreed framework on sustainable development. The UK played a pivotal role in establishing the SDGs, and both the UK's Strategy for International Development (IDS) and the Integrated Review affirm our continued commitment to Agenda 2030 and the SDGs.

The report highlights the stark challenges the world faces in meeting SDG 1. We agree that the effects of COVID-19, climate change and conflict are undermining progress towards eliminating extreme poverty, a goal which is vital for the security and prosperity of all. The world is not on track to achieve the SDGs by 2030 and there are no quick fixes. Now—halfway through—is the time to take stock and reinvigorate efforts.

The UK will continue to direct its development work to support progress towards the SDGs and putting an end to extreme poverty. The IDS, published in May 2022, sets out how we will drive lasting growth, alleviate suffering and tackle the root causes of global crises, delivering on the SDGs. The IDS is closely aligned to Agenda 2030. Both recognise that a patient approach and strong partnerships are essential to delivering lasting growth, stability and poverty reduction.

Aid alone is not sufficient to tackle the world's development challenges. There is a huge financing gap to reach the SDGs. The Strategy sets out how we will support countries through investment to grow their economies, raise incomes, and lift people out of poverty. We plan to mobilise £8 billion of UK-backed finance per year by 2025 through the British Investment Partnerships (BIP) agenda. We will drive reforms that give low- and middle-income nations voice and affordable finance at scale, such as the Capital Adequacy Framework review of the Multilateral Development Banks. Investment through BIP aims to raise productivity and enable a higher standard of living for all. Over the long run, these investments play a critical role in reducing poverty by promoting economic transformation and building economies sustainably.

Agenda 2030's commitment to leaving no one behind is reflected in the IDS. Our focus on women and girls and humanitarian prevention and response helps us to meet the needs of some of the most at-risk people in the world. This year, we will publish an updated

International Women and Girls Strategy, explaining how we will put women and girls at the heart of what we do. The FCDO has also published an ambitious [Disability Inclusion and Rights Strategy 2022 to 2030](#) with far-reaching commitments to guide FCDO investments and policy. We will continue to prioritise low-income countries and will only draw on Official Development Assistance (ODA) as necessary in middle-income countries. We support the target of spending 0.2% GNI in the Least Development Countries. This demonstrates the UK's commitment to spend ODA where it is needed most to tackle extreme poverty. We assess need based on a range of poverty-related indicators and will continue to use the World Bank definition of extreme poverty, as used in the SDG 1 target. The FCDO is continuing to improve data systems to support better understanding of the impacts of our work on the poorest and most vulnerable. We are proud of our reputation for championing the cause of the poorest nations across the world.

The Committee outlines the importance of comprehensive work on global health, education and climate change as key enablers for reducing extreme poverty. All three form part of the four priorities set out in the IDS. Research shows that making progress in these areas is not just about Official Development Assistance (ODA) spend; the biggest impact will be through influencing investments and policy shifts. Our shared cross-government strategic approach to global health builds on previously published policy papers, including those on health systems strengthening and ending preventable deaths of mothers, babies and children. Our forthcoming International Women and Girls Strategy is framed around three Es – educating girls, empowering and championing the health and rights of women and girls, and ending violence against women and girls. The Prime Minister has pledged, most recently at COP in Egypt, to deliver £11.6bn in International Climate Finance (ICF). To support the most vulnerable who are experiencing the worst impacts of climate change, we will triple our funding for adaptation from £500m in 2019 to £1.5bn in 2025.

Reinvigorating UK Development Leadership requires us to be predictable, embrace scrutiny and demonstrate value. We are embracing these principles as we make difficult decisions on how we spend our money, with ODA budgets under pressure, as the UK supports people fleeing war and suffering in Ukraine and Afghanistan. We will continue to prioritise support for the most vulnerable and are committed to being more transparent about our ODA spend. The FCDO aims to attain a “Very Good” ranking in the 2024 Aid Transparency Index.

This response seeks to address the Committee's recommendations in the order in which they appear in the ‘Conclusions and Recommendations’ section of the Committee's Report. The Government would like to reiterate its gratitude to the Committee for its work in this most important field.

Effective Interventions

Recommendation 1: We recommend the Government builds on [FCDO’s position papers on health systems strengthening for global health security and universal health coverage, and ending preventable deaths of mothers, babies and children by 2030], and the disability inclusion and rights strategy, and develops a coherent cross departmental Global Health Strategy, with clearly defined targets and delivery plans, within six months. We repeat our previous call for this to set out how the UK intends to use levers at multilateral and bilateral levels to achieve its aims, how this ensures progress towards the UN Sustainable Development Goal, and how the strategy will reach the most marginalised and vulnerable communities.

Officials are working across Government on global health, including through an HMG Strategic Framework that facilitates a whole-of-Government approach to delivering the UK’s global health objectives, in line with the Integrated Review and International Development Strategy, and in support of SDG3 and other health-related SDGs. Ministers are considering options for communicating our shared cross-government strategic framework, building on the approach we have publicly set out in papers such as [“Ending preventable deaths of mothers, babies and children by 2030”](#), [“Health systems strengthening for global health security and universal health coverage”](#), [“Tackling antimicrobial resistance 2019 to 2024”](#), and [“Life Sciences Vision”](#). The Government continues to use multilateral and bilateral levers to achieve global health aims with a focus on marginalised and vulnerable groups. We will build on the UK’s 2021 G7 presidency to ensure that we continue to use fora such as the G7 and the G20 to drive forward a health system strengthening approach, as we seek to tackle some of the most challenging global health issues.

Recommendation 2: The UK Government must prioritise funding for health, both in bilateral programming and support for effective multilateral schemes, as one of the most effective interventions in extreme poverty reduction.

Global health is one of the UK’s top priorities, as set out in the International Development Strategy. In 2021, health was the second largest sector to receive UK bilateral ODA spend and in 2020 the UK was second only to the US in volume of health funding amongst OECD Development Assistance Committee (DAC) donors.

Our multilateral investments enable us to deliver results at scale through proven interventions that save lives, including some of the most effective health interventions, such as immunisation, tackling HIV, tuberculosis and malaria, and shaping markets to enable access to essential health commodities for the most vulnerable. In November 2022 we announced that the UK will provide £1 billion over three years to the Global Fund to Fight AIDS, Tuberculosis and Malaria, which will help save more than one million lives around the world. The UK is the largest donor to the core mission of Gavi, the Vaccine Alliance, pledging up to £1.65 billion from 2021–25. This is supporting Gavi to vaccinate 300 million children, saving up to eight million lives.

The UK remains committed to funding high-quality global health research both to underpin our bilateral programming and achieve direct development impact. In November 2022, Drugs for Neglected Diseases initiative, a UK aid-backed product development research partnership, developed and successfully trialled a new drug that is effective in curing late-stage sleeping sickness. We will continue to make investments in such areas

that have a significant impact on the lives of the poorest.

Our bilateral investments in health at country level are focused in Africa and Asia, and include health systems investments in primary health care to support our goal of ending the preventable deaths of mothers, newborns and children. In DRC, for example, UK support has improved access to health services for around 9.5 million people since 2013. Improving access goes beyond our financing. In Brazil, UK expertise from organisations like NHS Digital has helped pilot telemedicine to reach populations over 12 hours from a health service, reaching over 300,000 patients during implementation and resulting in a strategy to scale-up the intervention nationally.

Recommendation 3: Programmes that enable girls to access education must be adequately supported in line with the FCDO's general commitment to supporting women and girls. The FCDO should focus education spending on the most impactful programmes for poverty reduction. This can be enhanced by complementary investments in social protection that reach the most vulnerable households, which are otherwise most likely to take girls out of school when crises occur.

As set out in the 2021 Girls' Education Action Plan, we will redouble our efforts to ensure that all girls are supported to go to school and learn. This requires both strong education systems that are inclusive and deliver the skills girls need to fulfil their potential, and targeted support to address other barriers faced by the most marginalised. The UK's Girls' Education Challenge (GEC) programme is the world's largest programme dedicated to girls' education, reaching up to 1.6 million marginalised girls through a cumulative investment of £855m over 13 years. Designed as a 'challenge fund', the GEC works to tackle barriers to education, and find better ways to get girls into quality education and learning.

FCDO's work to address the barriers to girls' education is not limited to our education sector investments. For example, our investments in gender-responsive social protection, adolescent sexual and reproductive health and ending violence including child marriage also support girls' education outcomes by addressing barriers to girls' access and retention in school.

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The UK has committed £430m to the Global Partnership on Education (GPE). The GPE supports nations with high numbers of out-of-school children and weak school completion rates and focuses on reaching the children that are most marginalised and vulnerable including girls, children with disabilities, and those who live in countries that are characterised by extreme poverty and/or conflict. The GPE prioritises primary and lower secondary education because the returns of investing in these stages of education benefit the greatest number of poor children. Since its creation in 2002, the GPE has contributed to the largest expansion of primary and lower secondary schooling in history. Between 2015 and 2019, the GPE supported the education of 24.8 million children. There are now 82 million more girls in school in GPE partner countries and primary enrolment

for girls has increased by 65%. Almost three-quarters of partner countries have achieved gender parity in school completion rates.

Recommendation 4: As well as continuing to use its expertise to train teachers, the FCDO should focus education spending on the most impactful programmes for poverty reduction, particularly early years and primary education. All programmes should be disability inclusive, recognising the additional barriers disabled children face when accessing education.

The FCDO supports education systems to deliver quality education for all children in a way that is resilient, safe, and inclusive. We have the greatest impact on poverty reduction through a focus on foundational learning and reaching the most marginalised. This starts with foundational learning for all, which includes basic literacy, numeracy and socio-emotional skills. These skills are the building blocks needed to make progress in school, attain higher-order skills, and reap the full rewards of education.

From 2017–2021, over one third (36%) of the UK’s bilateral education ODA spend was on basic education (early years, primary, and basic skills training). That amounts to just under £1.2bn in five years. Primary education is by far the largest area, accounting for £1.1bn spend in that five-year period—it is a UK priority, in terms of policy, strategy, and ODA spend.

The FCDO is committed to generating and using the best evidence for impactful programmes, including in early years, primary education and for the most marginalised. The THRIVE Early Childhood Development research programme will deliver research on how to implement effective Early Childhood Development interventions at scale in LMICs.

In the FCDO Disability Inclusion and Rights Strategy 2022–2030, published in February 2022, we committed to:

- i Increase visibility of children with disabilities by contributing to the global evidence base and improving collection, analysis, and use of disaggregated data
- ii Ensure children with disabilities in humanitarian and protracted crises are given an equal opportunity to learn in safe, inclusive, protective environments
- iii Prioritise interventions that tackle the barriers children with disabilities, especially girls with disabilities, experience in accessing quality education and learning

Through the UK Girls’ Education Challenge programme, over a million girls who were most at risk of dropping out are now staying on and making progress in school. The UK is helping over 150,000 girls with disabilities to attend school through this programme.

Teachers and teaching remain at the heart of the FCDO’s education policy and recently published Girls’ Education Action Plan. We know teacher training is a ‘smart buy.’ The FCDO prioritises supporting teachers in all our programmes and through our global funds in education such as the Global Partnership for Education (GPE) and Education Cannot Wait (ECW). From 2017–2021, over £100m has been spent on teacher training. This is not all specific to primary education, but is highly complementary to the key elements of education programming, which are mostly aimed at primary education. This

work is also central to our commitment to get 40 million more girls into school and 20 million more reading by the age of ten, by 2026.

Recommendation 5: The FCDO should continue to use its expertise and influence to champion social protection systems and universal health coverage. The COVID-19 pandemic showed the value of such systems, which are already urgently needed due to the effects of climate change and food insecurity and are likely to become even more important in the future.

The UK is a long-standing champion of social protection, working to improve the coverage, inclusivity and shock-responsiveness of social protection systems through our international engagement, bilateral and multilateral investments, and central programmes that provide technical assistance and generate evidence.

We agree that COVID-19 highlighted the value of social protection systems, with over 222 countries and territories using social protection during the pandemic. During that time, the FCDO established an on-demand expert advice facility (SPACE) that provided advice to more than 40 countries on how to maintain, adapt or expand social protection systems to support those most economically affected by the crisis. STAAR, our successor technical assistance facility, continues that support to governments and partners on strengthening social protection systems to help prevent and be able to respond to crises.

We also agree that social protection is vital in helping vulnerable people to build resilience and adapt their livelihoods to climate risks. It has a central role to play in both preventing and responding to global food insecurity. We are championing a strong climate lens in our own and others' social protection investments, including the research component of our Better Assistance in Crises (BASIC) programme that is examining how social protection in protracted crisis contexts can contribute to greater resilience to shocks and climate adaptation.

The UK remains committed to supporting progress towards the 2030 global goal of universal health coverage (UHC) and looks forward to a year of action in 2023 and beyond, driven by the High-Level Meeting (HLM) on UHC at UNGA in September. The UK is working with other Member States to drive a country-led, action-oriented set of commitments at the HLM, whilst championing the ongoing need for stronger domestic financing that focusses on primary health care first. Achieving UHC is the foundation stone to delivering the global goal of health and well-being for all, ending preventable maternal, newborn and child deaths and building prosperous societies resilient to pandemic and climatic threats and food insecurity.

The UK has a longstanding reputation for helping to build stronger health systems. In countries like Nepal we have helped to increase the proportion of women giving birth in health facilities, from 9% in 2001 to 80% in 2022. We drive innovation, such as [setting up the social financing company MedAccess through British International Investment](#) to improve access to affordable, quality medicines, and we are at the core of partnerships like the [Global Financing Facility](#) that have supported countries to strengthen their health systems, reaching more than 103 million women with safe delivery care.

Recommendation 6: The UK Government must maintain its leadership on grant-based climate finance to help countries adapt to climate change without provoking and exacerbating debt crises, deploying finance in a timely manner that matches the urgency of the situation now.

The Glasgow Climate Pact included a call for a continued increase in the scale and effectiveness of climate finance from all sources globally, including grants and other highly concessional forms of finance.

Since 2011, UK International Climate Finance (ICF) has supported 95 million people to cope with the effects of climate change, provided 58 million people with improved access to clean energy, reduced or avoided 68m tonnes of greenhouse gas emissions and directly mobilised over £5bn private finance for climate change purposes.

The UK Government has pledged £11.6bn to support the most vulnerable who are experiencing the worst impacts of climate change and will triple its funding for adaptation from £500m in 2019 to £1.5bn in 2025. We have also committed to investing at least £3 billion of this ICF in development solutions that protect and restore nature.

The UK's level of grant-based climate finance support from 2016 to end 2020 was 89%.¹[1] By comparison, OECD analysis of 2020 climate finance flows found that grants comprised just 26% of public climate finance.²[2]

Grants typically support capacity building, feasibility studies, demonstration projects, technical assistance, and activities with low or no direct financial returns but high social returns. For example, the UK's Partnering for Accelerated Climate Transitions (UK PACT) programme delivers impact through a combination of grant funding for longer term capacity-building projects and the rapid mobilisation of short-term expertise for skill-shares and secondment opportunities. Through its grants, UK PACT aims to improve the capacity and capability of key public, private and civil society institutions to reduce emissions and foster inclusive economic growth in partner countries.

Recommendation 7: Given the reduced Official Development Assistance budget and pressure from other spending, the Government should carefully consider whether all current climate finance counted as ODA should continue to be categorised in that way, especially if such finance entails mitigation for emissions that low-income countries did not cause. We must ensure that climate finance does not just target the poorest countries, but that it is tailored to benefit the poorest communities within those countries. Listening to the perspectives and priorities of those on the front-line of the climate disaster, and ensuring that the modalities for accessing financing enable communities to adapt their lives and livelihoods, should be the new 'business as usual'.

All UK aid, including ICF spend, is reported in line with international rules on what constitutes ODA as defined and governed by OECD Development Assistance Committee. The rules require that all ODA spend is administered with the promotion of economic development and welfare of developing countries as its main objective. All OECD DAC members, including the UK, must abide by these rules. It ensures that aid statistics are

1 Calculated from UK Common Tabular Format (CTF) tables submitted under UNFCCC National Communications and Biennial Reports (August 2022), <https://unfccc.int/NC8>.

2 OECD (2022), Aggregate trends of Climate Finance Provided and Mobilised by Developed Countries in 2013–2020, <https://www.oecd.org/climate-change/finance-usd-100-billion-goal>.

consistent and comparable across donors.

By 2030, climate change and environmental degradation could push a further 100 million into poverty. Millions of people are increasingly exposed to food and water insecurity, but it is the poorest and most vulnerable who are hit first, hardest and who are least able to cope. As an important step forward, this year we are able to present some disaggregated results for the first time in our International Climate Finance Results publication as we monitor how ICF programmes are reaching the most vulnerable. For example, we know that 86% of ICF beneficiaries were in rural locations, compared to 14% urban. We are continuing to improve our data systems to support better disaggregated data collection and are working towards increased coverage of disaggregated results, improving our data on sex, age, disability and geography.

The UK's role in reducing extreme poverty

Recommendation 8: The UK Government can help catalyse global action, reinstate UK leadership, and ensure coherence with domestic strategy, by creating a deliberate and dedicated Leave no one behind portfolio within FCDO, to put the furthest behind first. Such a commitment would be a timely, and impactful announcement at the UN High-Level Political Forum on Sustainable Development Voluntary National Review session in July 2023, demonstrating the power of a UK Government 'promise'.

Leave No One Behind is the central, transformative promise of Agenda 2030. The Government is committed to the SDGs and the Leave No One Behind agenda through the International Development Strategy. Our focus within the IDS on women and girls and humanitarian prevention and response helps us to meet the needs of some of the most at-risk people in the world. The FCDO has a three-pronged approach to Leave No One Behind:

We want to understand who is being left behind. For this it is essential to have reliable data and evidence. The FCDO signed up to the Inclusive Data Charter at UNGA 2020 and is committed to developing an Inclusive Data Charter Action Plan to implement this, to embed a culture within the FCDO of disaggregated and inclusive data.

We want to empower the most marginalised. The FCDO is committed to listening and responding to the voices of those left furthest behind, empowering them as leaders and decision makers to make sure that their needs and priorities are met. Our new Disability Capacity Building Programme supports Organisations of Persons with Disabilities to advocate for their right to access health care systems, social protection, employment and education.

We are committed to including people who are furthest behind in development and growth processes, as well as delivering targeted programmes and services to people who are particularly hard to reach. A sustainable path toward ending extreme poverty and promoting shared prosperity involves creating an inclusive society not only in terms of economic security but also in relation to the voice and agency of all people and groups.

The FCDO has also published an ambitious [Disability Inclusion and Rights Strategy 2022 to 2030](#) with far-reaching commitments to guide FCDO investments and policy. This year we will publish an updated International Women and Girls Strategy, explaining how we will put women and girls at the heart of what we do.

Our new FCDO strategy on Disability Inclusion and Rights retains our previous international priority areas, such as in inclusive education and economic development, and expands to include global health and climate action. It emphasises the participation of people with disabilities in the design and implementation of our work and enhancements in data disaggregated to enable improved understanding of how far people with disabilities are being reached by our programming. It also promotes improved internal FCDO capability on disability issues. Our disability inclusion team are working with policy leads across the FCDO to support the implementation of the commitments. We monitor the delivery of our strategy through progress indicators such as the OECD DAC marker for disability and report every six months to an external board.

Recommendation 9: To maintain the UK’s status as a global leader in tackling extreme poverty, the FCDO should explicitly reaffirm its commitment to the Leave no one behind agenda, including achieving Sustainable Development Goal Target 1.1 of eliminating extreme poverty by 2030.

On 11 August 2022, Amanda Milling wrote to the Committee as Minister with responsibility for development to confirm that the Government is committed to Leave No One Behind, including the pledge that “people who are furthest behind, who have least opportunity and who are most excluded will be prioritised.”

The International Development Strategy outlines how the UK will deliver on the SDGs, including SDG 1. The IDS is closely aligned to Agenda 2030’s ‘Five Ps’:

- **Partnership:** Our whole-of-government approach and commitment to global development partnerships and modern bilateral development partnerships that put our partners in the lead.
- **Prosperity:** Delivering honest, reliable investment through British Investment Partnerships.
- **People:** Providing women and girls with the freedom they need to succeed.
- **Peace:** Stepping-up our life-saving humanitarian work and addressing the drivers and causes of crises, working both to prevent conflict and reduce conflict and violence.
- **Planet:** Taking forward our work on climate change, nature and global health, including One Health.

Our patient approach recognises the interlinked root causes of crisis and is essential to deliver lasting growth, stability and poverty reduction. Our focus on women and girls, humanitarian work, and global health will help us meet the needs of some of the most at-risk people in the world.

Recommendation 10: The FCDO should recommit to DFID’s previous target of spending 50% of its ODA budget in fragile states and regions.

Fragile and Conflict Affected States (FCAS) are central in the IDS, which aims to tackle the causes of crises and build the long-term foundations for lasting development. We cannot end extreme poverty in low- and middle-income countries without tackling conflict and fragility.

As the IDS states, we must go beyond ODA and draw on the full HMG toolkit to deliver our development and foreign policy ambitions. This is particularly true when addressing fragility and conflict. The IDS outlines how we will draw on our combined diplomatic, defence and development capabilities and will work both to prevent conflict, including tackling new threats from malign actors, and to reduce conflict and violence, including through diplomacy, sanctions, and peacekeeping.

ODA allocations will be directed towards the strategic priorities of the International Development Strategy. The World Bank publishes an annual list of Fragile and Conflict Affected Situations. Eight of the top 10 country recipients of UK bilateral ODA in 2021 are on the World Bank list.

Recommendation 11: The FCDO must urgently review the methodology used when making these cuts, and explain in its response to this report how it will avoid any such failures in future. In addition, as the FCDO “revisits” its allocations for the coming years, poverty alleviation must be the primary priority in determining where to focus and protect spending.

The FCDO has allocated its ODA budget in line with the International Development Strategy, particularly focussing on support for humanitarian programmes and women and girls, while also taking into account the potential new and emerging needs and priorities of our partner countries. FCDO experts have been empowered to determine with our in-country partners which programmes to continue in line with the Strategy.

The IDS describes the FCDO’s commitment to “channel the majority of our ODA towards low-income countries where there is a clear commitment to progress”. All ODA spent by the UK is required to meet the ‘primary purpose’ test that the provision of the assistance is likely to contribute to a reduction in poverty. These legislative and policy commitments to the poorest have been, and will continue to be, met throughout the FCDO’s ODA allocation processes.

Recommendation 12: The most effective programmes should be scaled up and allocated long-term funding.

There are no quick fixes to development challenges and shared global issues. We work with a long-term focus, with international development partnerships that are founded not just on aid but on sharing evidence, and a genuine desire to work together with partner countries to help them on the pathway to sustainable and equitable growth.

The FCDO invests in research and evidence, including through our ‘best buys’ approach (as outlined in our response to Recommendation 14 below) and monitors and evaluates the performance of its programmes in order to ensure we, as our partners, identify the most effective programmes.

We work closely with our partners—whether multilateral organisations, partner governments, the private sector, or others—to scale up effective responses through sustainable sources of finance. FCDO programmes tend to be multi-year in nature and funding.

Recommendation 13: Programmes that may contribute to foreign policy objectives, but that do not have a measurable effect on poverty, should not be classified as ODA spending.

All UK ODA spending adheres to the international rules on aid as set and governed by the OECD DAC. These stipulate that all ODA spend must be administered with the promotion of economic development and welfare of developing countries as its main objective. The DAC rules ensure that aid statistics from member states are reported in a consistent and comparable manner.

The UK's ODA spend is guided by the International Development Strategy, which is closely aligned to the SDGs and focused on poverty reduction. Where aid is spent under the International Development Act, it requires that the Secretary of State must be satisfied that providing assistance is likely to contribute to a reduction in poverty.

Recommendation 14: The UK Government must trust and fund what works. Policy and spend must be dedicated to interventions that deliver, at scale, to and with those most in need. Investing in long-term partnerships provides the key to long-term change. Should ODA levels stagnate, the requirement to ensure that assistance is well-spent becomes more critical than ever. The UK Government must be evidence-led in terms of spend, focusing on independently and internally assessed 'best buys', such as extreme poverty graduation, that deliver the most significant and sustainable returns on investment. On this basis, extreme poverty should represent more, not less, of official ODA spend.

UK development policy and spend makes the best use of available evidence and assesses the strength of evidence carefully through independent and internal means. It is particularly critical that evidence guides effective spending at this point when global extreme poverty has increased due to COVID-19, and when domestic (developing country government) and external (aid) resources are under increased pressure. We do this though drawing on a range of external and internal evidence products, including the FCDO 'best buys'.

When delivering interventions at scale and where sufficiently strong evidence exists, development policy and spend focus on interventions which are known to have the highest value-for-money. Our Quality Assurance Unit and Investment and Delivery Committee have oversight to assure we do this. Where development challenges need to be addressed in areas with weak or missing evidence, we will look to invest in research and development to fill these gaps. Where a high-quality evaluation is possible that can determine the intervention's effectiveness, we undertake this as described in the FCDO's recently published [Evaluation Strategy](#).

The UK Government has been a leading funder of rigorous research to guide more effective responses to poverty, investing on average over £400m per year over the period 2015–2020 in commissioning and managing ODA-eligible research to address critical gaps in the evidence base. This includes impact evaluations which seek to identify and quantify the impact of development programmes on extreme poverty and identify innovations which improve effectiveness, as well as synthesis and summaries of the evolving evidence base

and systematic reviews and cost-effectiveness comparisons to identify ‘best buys’. The UK has also been a leading funder of sustained research on cash transfers and graduation programmes; on programmes which can halve rates of violence against women and girls; and on girls’ education.

In supporting research on these and other aspects of poverty reduction, we seek to build long-term relations with leading researchers, and support the strengthening of research capacity in developing countries themselves.

Recommendation 15: The British International Investment (BII) Impact Framework should be updated to include scoring based on the new World Bank definition of extreme poverty of \$2.15 a day, in addition to its current metric of \$5.50 a day. The BII annual report should set out the proportion of investments meeting the new metric, which would ensure that BII investments support the world’s poorest communities. Other investment partnerships, such as those planned with G7 partners, should also establish clear frameworks targeting poverty reduction in low- and- middle-income countries.

BII is a leader amongst Development Finance Institutions (DFI) in targeting investment at the world’s poorest places. Over the last five years (2017–21) 50% of BII’s total disbursements went to poorer and more difficult countries and states in Africa and South Asia.³ FCDO has agreed an Investment Policy for BII for the period 2022–26 that is more geographically focused on the poorest countries of the world than any other equivalent DFI. When making investment decisions, BII has an industry-leading impact framework. One element of this framework is the Productive, Sustainable, and Inclusive (PSI) Score—which provides a comparable numerical weighting to each investment allowing BII to construct a portfolio of investments in line with the priorities set in the 5-year strategy.

Recommendation 15 pertains to the Inclusion element of this score. Many of the investments that are needed to transform economies and eradicate poverty, such as those in the electricity grid, digital infrastructure, credit for SMEs etc., have a systemic impact. The inclusion score for such investments is already calculated using the depth of poverty so that locations of investment with higher levels of extreme poverty (at \$2.15 2017 PPP) receive higher scores.

The percentage of stakeholders living beneath \$5.50 2011 PPP is used to calculate the Inclusion score of those investments where impact is felt directly by workers or customers. Extreme (\$2.15) poverty is mostly found in rural areas and to a lesser extent in the precarious fringes of urban economies. Some opportunities exist to invest in businesses that directly reach those populations, and BII can also supply credit to farmers and microenterprises via specialist financial institutions. But BII’s primary focus is on investing in larger and more productive formal sector firms that mostly hire workers with some labour market experience and serve customers with some disposable income. These are the businesses that provide better jobs, pay taxes, and whose growth is vital for poverty reduction. The more inclusive of these formal sector businesses do directly employ and serve people living in poverty, but predominately those between \$2.15 (2017 PPP) and \$5.50 (2011 PPP). People living beneath \$5.50 are poor. A poverty line of \$13 is often associated with a permanent escape from poverty.

3 Countries and states categorised as A or B in the Development Impact Grid used during that period. A and B countries and states are listed [here](#). Source: Investing to transform lives: five years on, BII, [2022 p. 15](#).

The appropriate benchmark for direct reach to low-income populations was considered and tested carefully when the Impact Score was designed, and the percentage beneath \$5.50 (2011 PPP) was chosen. That benchmark produces a good distribution of Inclusion scores across investments, which is necessary for effective prioritisation. Adding the extreme poverty line to the methodology was considered and rejected at the time because it did not materially change the scores.

Recommendation 16: The FCDO must work with the Department for International Trade to ensure that trade policy is predicated on creating inclusive, sustainable growth and supporting economic diversification, particularly in countries facing food insecurity and/or climate threats.

The FCDO has worked closely with the Department for International Trade (DIT) to ensure that UK trade policy benefits developing countries, particularly those facing food insecurity and/or climate threats. FCDO will continue this work with the Department for Business and Trade (DBT) following its creation on 7 February 2023.

A joint FCDO/DBT Trade and Development unit is responsible for ensuring development and global prosperity are reflected in UK trade and investment policy, and for shaping the UK's future trade arrangements with developing countries. Through this unit, the FCDO plays a lead role in the development and implementation of market access arrangements for developing countries such as Economic Partnership Agreements (EPA) and the Developing Countries Trading Scheme (DCTS). These development-focused trading arrangements are designed to support developing countries to export to the UK, to diversify their economies and to grow and prosper. EPAs and the DCTS benefit developing countries that are impacted by food insecurity and climate threats. 33 African, Caribbean and Pacific countries have signed an EPA with the UK whilst 65 countries, including 46 Least Developed Countries, are eligible to trade under the DCTS.

The FCDO has worked closely with the Department for International Trade to reflect development interests in our wider Free Trade Agreements (FTAs). As a result of this work, the FTAs with Australia and New Zealand have included dedicated development chapters which recognise the importance of trade as a tool for economic growth and poverty reduction. For example, the chapter in the Australia FTA provides that the UK and Australia may monitor the impacts of the agreement on developing countries.

The FCDO has also worked closely with the Department for International Trade to ensure that the multilateral trading system works for all. Our mission to the World Trade Organisation continues to champion development, including by seeking the introduction of measures to include those most exposed to food insecurity and climate threats, into the global trading system.

Recommendation 17: We recommend: 1) The FCDO must ensure that its focus on trade and investment, and the rising costs associated with Ukraine and Afghanistan, do not lead to further decreases in funding for poverty reduction programmes, such as health, nutrition, Water, Sanitation and Hygiene (WASH), education, social protection and graduation programmes. 2) The focus must be on the entrenched poor, alongside those who have more recently slipped into extreme poverty as a result of the pandemic and global economic crisis. We need a restoration of the 0.7% of GNI target for development spending in order to effectively support the poorest people. 3) The FCDO should use the

multidimensional poverty index (MPI) to assess need and to direct funding accordingly.

The International Development Strategy describes the role of trade in “help[ing] countries to grow their economies, raise incomes, create jobs and lift themselves out of poverty”. Alongside trade, the Strategy is clear about the UK’s continued support for other areas of work, including humanitarian, girls’ education and health, as part of our broader approach to poverty reduction and development.

The Government is committed to spending 0.7% of GNI on ODA as soon as the fiscal situation allows. This commitment was re-emphasised at the Autumn Statement 2022. We are strengthening the governance of cross-government ODA, including a cross-government Ministerial body for ODA oversight co-chaired by the Minister for Development and the Chief Secretary to the Treasury.

The FCDO uses a range of modelling and information sources to inform ODA funding decisions, including indicators on humanitarian need, the ability for a country to make effective use of aid and self-finance its own poverty reduction and reductions in the number of person poverty years (the number of poor people multiplied by the number of years they are expected to remain poor), in line with the IDS commitment to “channel the majority of our ODA towards low-income countries.

Recommendation 18: As well as contributing to a cross departmental Global Health Strategy, the FCDO must link its strategies to coherent, published delivery plans, which should include clear targets, timelines and financial allocations. In particular, the disability inclusion and rights strategy 2022–2030 must feed into all the Department’s development work, or it risks becoming an empty promise.

FCDO is required by HMT to publish Outcome Delivery Plans for the forthcoming financial year. These coherent, published delivery plans set out how we will deliver our priority outcomes.

The FCDO is currently in the process of developing a complimentary Monitoring & Evaluation (M&E) framework for the International Development Strategy. This will allow us to: track inputs to ensure priority areas are adequately resourced; measure the delivery of outputs; observe outcomes to test the theory behind the IDS; comment on impact and ensure our strategy is resilient to emerging trends.

Equality and inclusion remain at the heart of FCDO’s integrated approach. We are working to deliver our disability inclusion and rights strategy 2022–2030, which includes commitments to mainstream disability inclusion across the FCDO and utilise our diplomatic network to promote the empowerment and inclusion of people with disabilities globally. The FCDO reports to an external disability board every six months to help monitor progress and delivery.

Taken together, the frameworks will help to ensure we are delivering against our strategic objectives and providing real-world impact.

Recommendation 19: We understand that allocations are subject to change, but the Department must set out provisional budgets in its annual report. Furthermore, the FCDO must address the issues highlighted by the 2022 Aid Transparency Index and return to the “very good” status previously achieved by DFID.

The FCDO is committed to being more transparent about our ODA spend. We can only meet our development aims when we work closely with our delivery partners and engage with the countries we work with, including being transparent on the nature and cost of the programmes and projects we are undertaking in these countries. As stated in the recent FCDO response to the Independent Commission for Aid Impact (ICAI)'s rapid review of UK aid transparency, the FCDO has made a public commitment to attain "Very Good" in the 2024 Aid Transparency Index.

We intend to update planned ODA allocations in due course once we have worked through spending decisions.

Recommendation 20: To maintain its reputation as a global leader in development, the Government must commit to completing a Voluntary National Review of progress on the SDGs. Strategically, given the stand-out importance of the forthcoming SDG Summit in 2023, the last opportunity for Heads of State to collectively assess and look to accelerate progress before the SDG 2030 deadline, the UK Government must present its Voluntary National Review in 2023. An honest appraisal of both the challenges and opportunities that the UK Government is facing in terms of delivering SDG progress, married with a renewed promise to leave no one behind and commitment to SDG 1.1, could transform both the UK's standing on development and the global conversation around these priority agendas. In addition, the Government should review our predecessor Committee's recommendations in relation to VNRs on engagement and timescales.

The UK is committed to delivering progress on the SDGs, as outlined in both the International Development Strategy and the Integrated Review. In 2019, the UK produced its first Voluntary National Review (VNR). The VNR provided a comprehensive account of our progress towards the SDGs to date and highlighted areas of further work across all 17 Goals. No decision has been made about a follow-up to the 2019 VNR. Recognising the importance of 2023 for Agenda 2030, we will step up efforts to accelerate action on the SDGs and will continue to explore options to demonstrate our commitment to the SDGs throughout 2023.

